

Weekend

FINANCIAL TIMES

Weekend FT

Jerusalem - the eternally divided city

SECTION II

World Business Newspaper <http://www.FT.com>

Greenland's welcome to the real world

My beautiful Polish launderette

WEEKEND SEPTEMBER 28/SEPTEMBER 29 1996

Afghan rebels take Kabul and declare an Islamic state



Afghanistan was declared a "complete" Islamic state by leaders of the Taliban Islamic militia who captured the capital, Kabul, after two weeks of military advances. The militia named a six-member council to run the country and underlined their control of the city by killing ex-president Najibullah (left), the country's last communist leader, and his brother. Page 24

Smokers sue UK cigarette makers: Imperial Tobacco and Gallaher, producers of 80 per cent of the cigarettes sold in the UK, are being sued by a group of 40 former smokers who have entered an historical "no win, no fee" arrangement with their lawyers. Page 24

Bosnian poll recount rejected: International organisers of the Bosnian election rejected a demand for a recount by the tribunal it had appointed to ensure fair play in the poll. Page 2

Japanese election date set: Japanese prime minister Ryutaro Hashimoto ended months of uncertainty by dissolving parliament and calling a general election for October 20. Page 3

G7 to consider debt relief: The Paris Club of bilateral creditors has referred the question of contributions toward a debt relief plan for poor countries to a Group of Seven meeting in Washington today after failing to reach an agreement. Page 2

Quitted Thai PM calls surprise poll: Thai prime minister Banharn Silpa-archa, forced by key allies to declare that he would quit by today, called fresh elections on November 17. Page 3

Cathay Pacific managing director Rod Eddington has resigned from the Hong Kong carrier to head Ansett Australia, the Australian airline 50 per cent owned by a unit of Mr Rupert Murdoch's News Corp. Page 5

Spending cuts in Spanish budget: The Spanish government approved a budget which plans to cut Pta200bn (\$5.3bn) off previous spending targets and to lower next year's public deficit to 3 per cent, the qualification target for joining the European single currency in 1999. Page 2; Lex, Page 24

Two held in VW spy case: Two German men were held by police after one confessed to planting a camera at the test track of carmaker Volkswagen and sold photographs of four of the company's prototypes to car industry publications.

London stocks up in cautious trade: London stocks closed up 13.2 points with the FT-SE 100 at 3,946.4, slightly down from its daily high after late selling of gains and a weak opening on Wall Street. UK markets remained wary of talk of overvaluation in the US and elsewhere. In a week in which interest rates remained unchanged in the US and UK after monetary policy meetings, the FT-SE 100 fell 17.7 points. Page 21; World stocks, Page 19; Markets, Weekend Page XXIV

Hill signs for Arrows: Britain's Damon Hill, one point away from securing the Formula One drivers' championship, has signed for next season with the TWR Arrows team run by former driver Tom Walkinshaw.

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European leaders call for talks to resume as death toll rises in Middle East

Peace plea as Israelis shoot down protesters

By Judy Dempsey
in Jerusalem

ally intervene and stop the incitement," he told a news conference.

He insisted he was prepared to resume the peace negotiations but would not say when. "I am telling him [Arab] our hand is stretched out, in peace."

Mr Arafat yesterday ordered 30,000-strong paramilitary police to shoot only in self-defence, and the Voice of Palestine, the Palestinians' official radio, called for peaceful demonstrations.

But the fighting spread to the northern West Bank at Jenin, and to Palestinian towns on the Israeli border at Tulkarem and Qalqilia, as well as resuming in the Gaza Strip.

Inside Israel itself, the nearly 1m strong Israeli Arab population staged strikes and demonstrations in sympathy with their Palestinian brethren.

Mr Amnon Shahak, the Israeli army commander, Chirac, the French president and Mr Helmut Kohl, the German Chancellor, appealed for calm.

"We are sending you a joint,

solemn appeal to make the necessary calming gestures,"

the letters said. They also called for "an immediate

resumption of negotiations at the highest level" as well as the full implementation of

agreements reached in the 1995

Israeli-Palestinian Interim

Agreement on the West Bank

and Gaza.

Prime minister Benjamin Netanyahu (right), with defence minister Yitzhak Mordechai, centre, and chief of staff Amnon Shahak, yesterday tells a Jerusalem press conference Israel will negotiate with the Palestinians once the current violence has ended.

Mr Netanyahu said he was still considering an invitation from Mr Hosni Mubarak, the president of Egypt, to host a meeting in Cairo. There was an invitation from president Mubarak. I did not rule it out.

I am prepared to consider it. There will be a meeting," he added.

In Washington, the US president is facing re-election in November. He refrained from criticizing Israel. In New York, Mr Warren Christopher, US secretary of state, was planning to meet Israeli, Egyptian and Syrian foreign ministers in a bid to keep the peace process afloat.

President Hafez al-Assad, the Syrian president, in an interview with CNN, warned of a slide into war if negotiations did not resume between Israel and Syria on a return of the Golan Heights.

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NEWS: INTERNATIONAL

New government's first annual budget seeks 3% public deficit

Spain slashes spending plan by \$6bn

By David White in Madrid

Spain's centre-right government yesterday approved its first annual budget, slashing Pta200bn (\$8.3bn) of previous spending plans and aiming to bring next year's overall public deficit down to 3 per cent, the qualification target for joining the European single currency in 1999.

Mr Rodrigo Rato, finance and economy minister, said the increase in central government expenditure would be kept down to 1.7 per cent, a fall in real terms and below the level that had previously been indicated.

The budget bill, which includes a pay freeze for some 2m public sector employees but maintains social benefits, is due to be sent to parliament on Monday. Cabinet approval followed agreement this week between the minority Popular party government and regional parties, ensuring a safe majority in parliament.

Last year the existing budget had to be rolled over when the defection of Catalan regionalists led to parliamentary defeat for the Socialist government then in power.

The ambitious deficit target compares with an expected 4.4 per cent shortfall this year and a revised 6.6 per cent of gross domestic product for 1995. It is based on hopes of a recovery in economic growth to 3 per cent in 1997 after a 2.3 per cent rate forecast for this year.

Mr Rato said lower unem-

ployment and falling inflation should help revive flagging consumer confidence. The government is aiming for a year-on-year inflation rate of 2.6 per cent at the end of 1997, compared with a forecast 3.4 per cent in December this year and 4.3 per cent last year.

Government revenues, including a new 4 per cent levy on most insurance policies other than life assurance and a series of additional taxes on services, are set to rise by just under 6 per cent. The central government deficit is planned to fall to Pta2.005bn or 2.5 per cent of GDP, down from 3.5 per cent. Allowance is made for a further 0.5 point shortfall from social security, regional and local governments.

Mr Rato said an austere budget was the best contribution the government could make towards lower interest rates, which in turn would alleviate the deficit.

Convergencia i Unio, the Catalan party whose support is vital for the government, won a pledge of extra money for health, for which spending is set to rise 6 per cent. Mr Rato said a further Pta70bn would be available for improving public health services as a consequence of the pay freeze and planned reductions in the cost of medicines.

The planned freeze, which is contested by trade unions, applies to civil servants and other public employees and includes those of subsidised state companies.

By Hugh Carnegy
in Stockholm

Swedish authorities were yesterday trying to assess whether a new claim of South African involvement in the 1986 murder of Olof Palme, the then prime minister, was the breakthrough they have been seeking for more than 10 years – or yet another false lead in the still unsolved crime.

Prosecutors said they were seeking further information from the South African authorities on allegations made in a Pretoria court by Mr Eugene De Kock, the head of an apartheid-era police "hit squad" who was recently convicted of six murders and other crimes.

Mr De Kock alleged Mr Craig Williamson, a former

spy for the South African apartheid regime, had been involved in the assassination of Palme in an operation called "Long Reach". Mr Williamson yesterday denied the claim.

The allegation was seized on by the Swedish media as one of the most significant developments in the Palme case, which has embarrassed and frustrated the authorities for years. The police have followed thousands of leads since Palme was shot in the back as he strolled home unguarded with his wife after visiting a Stockholm cinema.

A possible South African connection was among the leads originally investigated.

A former senior police detective yesterday said that

police had, at an early stage

in the investigation, received a tip-off that Mr Williamson had headed a four-man squad that carried out the killing but that no evidence had been found.

Palme had been one of the most outspoken critics of apartheid, orchestrating campaigns for sanctions against the country. Sweden became one of the main foreign sources of funds for the African National Congress and other liberation organisations.

Mr Williamson worked closely with Sweden when he infiltrated an international trade union organisation in the 1970s which helped channel funds to black South Africans.

But Swedish officials cau-

tioned yesterday that Mr De Kock's allegations were



Of Palme: outspoken critic

vague. They also questioned his credibility; his allegations were among a stream of confessions he has offered in mitigation, against his pending sentence.

However, Swedish investigators are likely to want to question him. The South African government has also said it will investigate his allegations.

Troops keep tense peace in Armenia

Tanks and troops enforced a tense calm in Yerevan, the Armenian capital, yesterday, a day after the government rounded up opposition figures following violent protests against the country's disputed election, AP reports from Yerevan.

A government official said several dozen opposition activists had been arrested. Troops on Thursday also beat people on the streets who tried to stage a fourth day of rallies to protest at President Levon Ter-Petrosian's re-election.

Official results showed that Mr Ter-Petrosian defeated Mr Vazgen Sargsyan, a former prime minister, with 52 per cent of the vote to 41 per cent. But Mr Sargsyan's supporters claim the government rigged the ballot to ensure the president's support topped the 50 per cent mark needed to avoid a run-off.

Mr Vano Stradegian, interior minister, was quoted on the Interfax news agency yesterday as saying authorities were determined "to guarantee the security and constitutional rights of citizens".



An Armenian soldier on duty in central Yerevan yesterday

Organisers of Bosnia poll spurn recount

By Paul Wood in Sarajevo and Laura Silber in the United Nations in New York

International organisers of the Bosnian elections yesterday rejected a demand for a recount by the tribunal it had appointed to ensure fair play in the poll.

The Provisional Election Committee (PEC), the ultimate election authority for the Bosnian elections, last night unanimously voted against a request to repeat the count for Bosnia's general elections.

"The PEC does not believe it is necessary to order a recount," said Ms Nicole Susic, spokeswoman for the Organisation for Security and Co-operation in Europe (OSCE), which oversaw the Bosnian poll.

The PEC overruled the request from its own watchdog – the OSCE's electoral appeals sub-commission – which earlier yesterday said: "This recount is necessary to rebut the possible inference that the high turnout reported is due to miscalculations in the count or fraud."

In light of known obstacles to voting for certain groups of voters, the appeals sub-commission found the voter turnout so high that it raised a significant possibility of fraud and counting irregularities.

In the past two weeks

OSCE officials have repeatedly revised the figures for the elections, including the number of people voting and the turnout.

The appeals sub-commission was acting on a complaint brought by the International Crisis Group, an independent monitoring agency, which found evidence that there had been a turnout of more than 100 per cent.

After the PEC decision, OSCE officials warned: "This has destroyed any moral credibility the OSCE has left."

By Monday the OSCE is likely to certify the election results, which confirmed in power the same leaders who waged war against each other for four years. It took a fortnight to tally the results – a recount would have delayed the first meeting of Bosnia's new three-man presidency, which could take place as early as Monday.

International envoys are anxious to press forward with the next phase of the Dayton peace agreement – the building of multi-ethnic institutions.

They remain convinced the elections were crucial.

Mr Richard Holbrooke, architect of the Dayton agreement, yesterday said: "Contrary to predictions, it proved to be correct to hold the elections now."

By Patti Waldmeir
in Washington

The Paris Club of bilateral creditors has failed to agree on its contribution to a plan to relieve the debt of the poorest countries, referring the matter to the Group of Seven countries for a decision when they meet today in Washington.

Senior G7 officials met yesterday, ahead of today's session of finance ministers, to try to resolve disagreements over the amount bilateral creditors will contribute to

the joint IMF/World Bank initiative on poor country debt. The two institutions want bilateral creditors to provide debt relief of up to 90 per cent to eligible countries, but the Paris Club dismisses this figure. Its members are struggling to agree on even 80 per cent relief, up from 67 per cent at present.

G7 deputies were understood to be discussing whether the group could commit itself to the 80 per cent figure in its final communiqué. In effect, this would signal agreement that even 80 per cent relief would be insufficient for some countries.

Mr James Wolfensohn, World Bank president, yesterday said he believed the G7 would agree to proceed on a case-by-case basis "on the basis of some number, certainly not 90 per cent". If the relief offered by the Paris Club was not enough to bring a country's debt burden down to bearable levels "then we'll have to sit around and negotiate", he said, a reference to the fact

that even 80 per cent relief proposal still goes too far.

Mr Maystadt will also urge the committee not to include any specific reference to sales of IMF gold in the section of its communiqué which deals with financing the Fund's contribution to debt relief for poor countries. He will argue that the communiqué should call for the biggest possible bilateral contributions from individual governments and, if needed, "optimisation of the Fund's reserves management".

The interim committee should also approve an updated version of the so-called Madrid declaration, which it agreed in 1994 as a statement of good practice in economic policy. The declaration urged cuts in government borrowing, prompt adjustment of interest rates to forestall inflation and structural reforms to make economies work more efficiently.

Germany, Italy and Switzerland may object to this wording as a rather obvious coded reference to sales of

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IMF overdraft flexibility urged

By Robert Chot, Economics Editor, in Washington

The Group of Seven industrial countries has argued for an issue of SDR16bn (\$23bn), skewed towards countries which have joined the Fund since they were last issued in 1981. Mr Maystadt will tell the IMF's interim committee tomorrow that the G7 should raise this towards the SDR23bn skewed allocation proposed by Mr Michel Camdessus, the IMF's managing director.

Mr Maystadt believes the industrial countries should relax their position now that developing nations have dropped their demand for an across-the-board allocation of "special drawing rights", which allow central banks to borrow foreign exchange

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Surgeons said they would use the time to improve the function of Mr Yeltsin's heart muscle, which they said had been scarred over the summer by "several serious attacks of stenocardia", which occurs when a blood clot clogs an artery blocking the flow of blood to the heart.

Dr DeBakey said a second problem the medical team hoped to correct was internal bleeding, probably in Mr Yeltsin's condition for a heart bypass.

Western doctors have also expressed some surprise at the operation's delay. Several western cardiac surgeons said that, in the west, doctors would probably spend about a week preparing a patient in Mr Yeltsin's

Kremlin attacks media over Yeltsin health

By Chrystia Freeland
in Moscow

The Kremlin yesterday admitted that President Boris Yeltsin would be following a limited work schedule ahead of his planned heart surgery, but hit out at the western media for their intense scrutiny of the ailing Russian leader.

Mr Sergei Yastrzhembsky, the president's spokesman, said that on doctors' orders Mr Yeltsin would be working for only two to three hours a day until his heart bypass operation, scheduled to take place in six to eight weeks.

He said Mr Yeltsin would continue to hold some meetings but that "access to the president is limited" in a restricted working regime

demanded by Kremlin doctors.

Since his abrupt disappearance from public life at the end of June, Mr Yeltsin's health has become the dominant issue in Russian politics and has been doggedly pursued by the western media.

But Mr Yastrzhembsky yesterday accused western reporters, whose coverage has been more hard-hitting than that of the local press, of applying tougher standards to the Kremlin boss than they did to their own leaders.

The Kremlin's admission that Mr Yeltsin will undergo a heart bypass and the public statements by his doctors are a democratic breakthrough in a country which has traditionally treated its

leaders' health as a state secret.

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NEWS: UK

BBC moves closer to US satellite deal

By Raymond Snoddy
in London

The BBC, the public service broadcasting organisation, announced yesterday that it had entered exclusive negotiations with two companies linked with Telecommunications Inc of Denver. The aim is to create a series of new cable and satellite channels aimed at the UK and international markets.

The corporation, through its commercial subsidiary BBC Worldwide, has signed

memorandums of understanding with Flextech of the UK, a company controlled by TCI and with Discovery Communications, in which TCI has a 48 per cent stake. With Flextech, which is involved with 13 cable and satellite channels in the UK, the aim is to develop at least six channels using new programmes and programmes from the BBC library. The industry estimates suggest that between \$400m and \$500m could be involved in developing the channels.

The deal with Discovery, which specialises in factual

and documentary pro-

grammes, would involve taking three new channels around the world. Channels launched or about to be launched by Discovery include Animal Planet, a channel devoted entirely to wildlife, Discovery Science and Discovery History. Industry estimates suggest that between \$400m and \$500m could be involved in developing the channels.

The formal announcement suggests that the BBC has chosen TCI as its main global partner rather than Mr Rupert Murdoch's British

Sky Broadcasting. Nevertheless BSkyB, which has been offering its own joint venture with the BBC in the UK, is unlikely to lose out entirely.

Although not part of yesterday's announcement it is believed that Mr John Malone, chief executive of TCI, has also indicated that he will do his best to win access for BBC channels to the US market. TCI is the largest cable operator in the US and is launching digital cable services this autumn.

Mr Bob Phillips, chief executive of BBC Worldwide, said last night: "I now look forward to moving to a successful conclusion to these

negotiations. Both Flextech and Discovery have successful track records in the development of subscription channels."

For the BBC the planned joint ventures are an attempt to supplement income particularly in the coming age of digital satellite television. The BBC is financed by revenues from a state levy on all users of television sets. BSkyB plans to launch a 200-channel system in the UK before the end of next year.

UK NEWS DIGEST

Adams denies IRA funds link

Mr Gerry Adams, president of Sinn Féin, denied in London yesterday that any of the money raised from his autobiography would go to the Irish Republican Army. He also repeated his denial that he has ever been a member of the IRA, of which Sinn Féin is the political wing. Asked to define the difference between Sinn Féin and the IRA, he replied: "Sinn Féin is an organisation which is open, which is public, and has elected representation on both parts of the island. The IRA is an armed terrorist organisation; Sinn Féin is committed to a peace strategy. We have a range of policies on social and economic issues."

Mr Adams was speaking on a phone-in on BBC Radio during which he was accused by a former British soldier who served in Northern Ireland of being a terrorist who had "created a monster in Northern Ireland in the past 25 years". Mr Adams replied: "You are someone who came to my country heavily armed as part of an army, and then you have the audacity to call me a terrorist."

PA News

■ BRITISH AIRWAYS

Cabin staff warned of pay curbs

British Airways has told 600 cabin staff on its regional services that it is considering freezing or reducing their pay as part of the group's plan to cut costs by £1bn (£1.55bn) over the next three years. The staff work on BA's regional services subsidiary, which lost £20m last year. The staff are responsible for services within the UK, short flights to mainland Europe from UK regional centres. Although last year's loss is lower than the £55m the subsidiary lost in 1992, BA says it needs to cut the annual cost of running regional services by £23m to fund the purchase of new aircraft.

These are required to meet stricter noise limitations which come into effect in 2002. The regional subsidiary has a fleet of 31 aircraft, 18 of which are Boeing 737-200s which do not meet the new noise limits. BA earlier this year shelved plans to spend more than £1bn on short-haul aircraft, pending a review of the cost of its regional operations.

Michael Shapinka

■ BSE CATTLE SLAUGHTER

Rate of farmer compensation cut

The European Commission yesterday cut the rate of compensation payable to farmers sending cattle for slaughter under the over 30-month scheme designed to eliminate BSE or mad cow disease. The 10 per cent reduction will come into effect on October 14. The commission's Beef Management Committee, at the request of the UK government, decided to cut the amount payable to farmers from 1.15 to 0.95p per kilogram liveweight. This could mean a reduction of around £50 (£76) on an average cow.

The move is likely to irritate farmers, especially those who have been unable to get their animals into slaughterhouses because of the shortage of rendering capacity. The cull is designed to prevent meat from older animals entering the food chain and so prevent the possibility of passing the cattle disease BSE to humans in the form of Creutzfeldt-Jakob disease. However, government officials said the original rate of compensation had been generous and the government had to take the interests of taxpayers into account.

Maggie Utley

■ CIGARETTE IMPORTS

Three dead after Customs probe

Three men have been arrested in England in connection with a £4m (£6.24m) fraud involving 42m imported cigarettes. The arrests followed a three-month operation by the Customs Investigation Service in Britain and the Netherlands. Two men in their 30s were arrested on Thursday at their offices in north-west England, a CIS spokesman said. A third man was arrested following raids on addresses in the south-east, he said. All three men were released on bail on Thursday pending further inquiries. The CIS spokesman said: "This is a complicated, cross-border fraud involving goods being moved from country to country until the paper trail on them is lost." Inquiries were at a "very early stage".

PA News

■ GAS PRODUCTION

Pipeline examined for damage

Divers were last night examining a 30-inch submarine gas pipeline connecting British Petroleum's Amethyst gas field to the British Gas terminal at Easington to establish if it was damaged after a ship's anchor collided with the pipeline two weeks ago. Production from the field - which supplies between 1.5 per cent and 2 per cent of the UK's gas needs - has been halted pending the result of the divers' investigations. A smaller pipeline sending methanol from the terminal to the four-platform unmanned gas production facility had been ruptured in the accident. It has been shut down. BP owns and operates the field and a company official said it will not know until Wednesday the extent of any damage.

Simon Hollerton



Martyn Day, pictured outside the Law Courts in London, is a senior partner in the firm which is to continue litigation against tobacco companies. "It was clear that the only way for tobacco victims to gain access to justice in the British courts was for lawyers to take on the cases through the 'no win, no fee' scheme," he said.

Scots nationalists praise Irish 'tiger'

By James Buxton
Inverness

Mr Alex Salmond, leader of the Scottish National party, which campaigns for Scottish independence, yesterday cited the Republic of Ireland as an example of what an independent Scotland would be able to achieve.

Speaking at the party's annual conference in Inverness, Mr Salmond said the republic was "the tiger economy of Europe".

He said the republic's gross domestic product per head was set to overtake that of the UK by 2000. Earlier in the day the SNP published figures compiled by the House of Commons library from OECD and UK

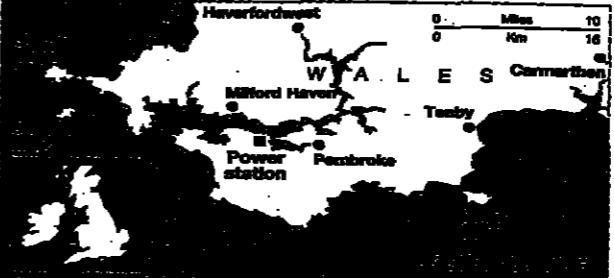
government sources projecting that Ireland's GDP would continue to grow at more than 5 per cent a year to 2003 while the UK's would grow at about 2.5 per cent.

On that basis Ireland's GDP per head (at 1993 prices) will be £12,811 in 2000 while the UK's will be £12,823.

Mr Salmond told the conference: "Ireland is one of many 'independence' success stories. Scotland is an example of what happens when you don't have independence." Scotland had great natural resources, whereas Ireland had few, he added. "Ireland is doing so much with so little while Scotland is doing so little with so much."

'Dirty fuel' sparks heated debate

A plan to import and burn Orimulsion from Venezuela has stalled



Creating project as opposed to a short-term trial (by PowerGen). National Power took Pembroke power station out of commission in April, and warns that it will close permanently if conversion plans are blocked.

The project has polarised opinion. Wales Trades Union Congress emphasises the need for jobs in an area of high unemployment. The Campaign for the Protection of Rural Wales fears the marine consequences of a possible tanker spillage and the effect of emissions on the environment and health.

Friends of the Earth, the environmentalist group, welcomed PowerGen's decision as "another nail in the coffin" of Orimulsion in the UK. But National Power remains fully committed to its own scheme, arguing it cannot be compared with the much smaller PowerGen operation.

It said: "The sums still hold perfectly true for Pembroke - it is a long-term gen-

erating project as opposed to a short-term trial (by PowerGen). National Power took Pembroke power station out of commission in April, and warns that it will close permanently if conversion plans are blocked.

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West Wales, with its Pembrokeshire coast national park, is one of the most scenic parts of Britain, and Milford Haven waterway is included in a proposed European special area of conservation. Fishing and tourism are vital local industries.

But Milford Haven is also an oil port with three refineries, as well as the power station.

Officers of Pembrokeshire council recommended approval, with conditions. Then the Environment Agency, a statutory body which, together with the Department of Trade and Industry, will have to give final consents to operation of the converted power station, objected to the jetty, saying there was "cause for real concern". In July, Mr William Hague, the British government's chief minister for Wales, told the council not to approve the application until he had considered it.

The Welsh Office says Mr Hague's ruling is not imminent. Meanwhile, National Power has an alternative proposal which it has put to the government for approval. This would be to use the jetty of a nearby Texaco refinery to import the fuel and use an upgraded underground pipeline to the power station.

This project has not been finalised, but it seems likely that National Power will proceed with this scheme if it can now that the first plan is stalled.

Roland Adburgham

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FINANCIAL TIMES

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Cathay Pacific restructures board

By Louise Lucas
in Hong Kong

Mr Rod Eddington, managing director of Cathay Pacific, Hong Kong's de facto flag carrier, has resigned in order to head Ansett Australia, the Australian airline 50 per cent owned by a unit of Mr Rupert Murdoch's News Corp.

His departure had been the subject of speculation after the share-ownership restructuring in April at

Cathay Pacific and Dragonair, the regional airline in which Cathay held a 43 per cent stake.

Mr Eddington will be replaced by Mr David Turnbull, currently deputy managing director of Dragonair.

Aviation executives were surprised by Cathay's decision not to replace Mr Eddington with a local.

"I think it's a shame they haven't promoted a local. The name of the game is

surely getting a closer relationship with China," said Mr Steven Miller, an aviation consultant and former senior executive of Dragonair.

Cathay also announced that Mr Tony Tyler, director of service delivery, would take up the new position of director of corporate development and that his replacement would be Mr Robert Cutler, now general manager of cargo.

Cathay said: "We expect

these people to take the airline into the next century."

All three appointments are British and 20-year veterans of the Swire group, which includes Cathay Pacific.

Mr Turnbull is also chairman of Hongkong Aircraft Engineering Co (Haeco), Cathay's maintenance arm.

He has played an important role in strategic development, including the restructuring at Cathay and Dragonair.

In April, Swire Pacific's

holding in Cathay Pacific was trimmed from 52.6 per cent to 43.9 per cent, while the stake held by Citic Pacific, Beijing's main investment agency, was lifted from 10 per cent to 26 per cent.

Mr Eddington, who will also have a role at News Limited, the News Corp unit that owns Ansett, had been in "lengthy" discussions with the Australian airline and said his move to Australia was for family reasons.

"I think it's a shame they haven't promoted a local. The name of the game is

restructuring in April at

Skandia chief moves out of the driving seat

By Greg McIvor
in Stockholm

Mr Björn Wohlraht, one of the most colourful figures in Swedish financial circles, resigned yesterday as chief executive of Skandia, Sweden's largest insurance group, after 16 years in the post.

Skandia said Mr Lars-Erik Petersson, deputy chief executive and head of the Nordic operations, would take over at the year-end. Mr Wohlraht, aged 53, who joined Skandia in 1971, is to remain on the company's board and will work on long-term strategy as an "ordinary employee".

A high public profile and regular forays into political and economic debate did not always endear Mr Wohlraht to investors. Skandia's shares rose SKr11 to SKr182 yesterday after his resignation, a 6.4 per cent increase.

"This is the end of the

famous 'Wohlraht discount', said one Swedish insurance analyst. He said investors were hoping Mr Petersson would narrow Skandia's focus to core life and non-life insurance operations in the Nordic countries and its larger international life

Mr Wohlraht was no stranger to controversy. In 1994 he announced a brief boycott by Skandia of Swedish government bond sales in protest at the continuing rise in state debt, a move which sharply pushed up interest rates.

A year earlier, his outspoken opposition to the merger of Volvo, the Swedish car and truckmaker in which Skandia was a large shareholder, with Renault of France, helped puncture the takeover ambitions of Skandinaviska Enskilda Banken, the Swedish bank, and Uni Storebrand and Hafnia, two Nordic insurers.

Since 1990 Skandia has

pre-dated the financial crisis of the early 1980s, said he had been under no pressure to resign. The company needed "a younger force" to implement a strategic review of Skandia's operations, currently being led by the 46-year-old Mr Petersson, he said.

Mr Petersson, whose strategic review is due early in 1997, has been with Skandia since 1989. He said he was keen to strengthen Skandia's operations in Sweden and abroad, and was open to international mergers and partnerships.

Mr Wohlraht steered Skandia through three years of turbulence in the Nordic insurance industry between 1989 and 1993, which saw it repel the takeover ambitions of French insurance giant Etablissements Fratello. Instead, Skandia's

shares rose SKr11 to SKr182 yesterday after his resignation, a 6.4 per cent increase.

"This is the end of the

Skandia chief moves out of the driving seat

By Greg McIvor
in Stockholm

A deal to keep Valeo, the French automotive components group, in French hands has moved closer after a decision by Compagnie Générale d'Industrie et de Participations, the French holding company, to sell nearly half its 19.9 per cent stake in the US packaging group Crown Cork & Seal.

The money raised from the sale could be put towards the purchase of the 27.7 per cent stake in Valeo currently held by Cérus, the French

holding company owned by the Italian industrialist Mr Carlo De Benedetti.

CGIP yesterday confirmed the two operations were linked, and said it hoped "the discussions on the acquisition of Cérus's stake in Valeo be completed".

On present market prices,

the sale of the Crown Cork & Seal shares could raise more than \$65m, approximately half the likely cost of Cérus's Valeo stake.

CGIP said the offering was expected to take place in late October. It also said it would remain Crown Cork & Seal's largest share-

holder with 10 per cent of the stock.

The CGIP announcement had a positive effect on Cérus shares, which climbed FF15.40 in Paris to FF131. Valeo also gained ground, rising FF2.80 to FF231.50, but CGIP itself fell FF1.25 to FF1,157.

The Cérus stake in Valeo has been "in play" since earlier this year, with a string of French and non-French companies cited as possible buyers. Rumours of interest on the part of at least two US companies, including Delphi, the components arm

of General Motors, sparked an outburst from some of Valeo's biggest customers, however, with Mr Jacques Calvet, head of France's Peugeot Citroën car group, particularly vocal.

Cir - the De Benedetti holding company which owns 49 per cent of Cérus - refused to comment yesterday on the progress of talks.

A successful sale would ease financial pressure on Cir, which is labouring under more than 1600m of net debt, having failed last year to persuade banks to back a capital increase.

The sale would also allow the company, which is quoted in Milan, to concentrate on its strategy for Olivetti, the troubled information technology company in which it has a 15 per cent stake. Cir publishes its interim figures on Monday.

Cérus's half-yearly results, showing a marginal improvement in net income from FF145m to FF147m (99.1m), were released last night after the closing of the Paris market. The company said it was continuing to pursue its debt reduction programme.

CGIP deal may resolve Valeo question

By David Owen in Paris and Andrew Hill in Milan

A deal to keep Valeo, the French automotive components group, in French hands has moved closer after a decision by Compagnie Générale d'Industrie et de Participations, the French holding company, to sell nearly half its 19.9 per cent stake in the US packaging group Crown Cork & Seal.

The money raised from the sale could be put towards the purchase of the 27.7 per cent stake in Valeo currently held by Cérus, the French

Intl Energy shows 45% advance

By Patrick Harverson

International Energy, which specialises in distributing liquefied petroleum gas to areas in the UK and Europe where there is no natural gas, yesterday reported a 45 per cent increase in pre-tax profits from £2.65m to £3.44m for the six months to June 30.

The improvement was exaggerated because the previous half-year results were affected by £305,000 costs tied to the company's flotation in June 1995.

The profits rise, struck from turnover of £38.5m (£41.9m), was attributed to the return of normal winter weather in its main markets. IEG distributes to 20 countries in Europe and the UK.

Recently acquired businesses in the UK and Portugal should increase total LPG sales from 25,000 tonnes in 1995 to 50,000 tonnes in 1997.

Earnings per share were 5.61p (3.62p after flotation costs) and the interim dividend is 1.45p (1.4p).

RESULTS

Turnover (£m)

Pre-tax profit (£m)

EPS (p)

Dividends (£m)

Total for year (£m)

EPS (p)

Dividends (£m)

COMPANIES AND FINANCE

Burford and Argent link for DSS bid

By Simon London,
Property Correspondent

Burford and Argent, two of the UK's most highly rated property companies, are joining forces to bid for a government property contract valued at up to £2bn.

They have joined one of six consortia shortlisted for the transfer to the private sector of more than 700 buildings occupied by the Department of Social Security. The project is the larg-

est property-related deal so far announced under the government's Private Finance Initiative, which aims to attract private capital into public projects.

Burford and Argent have aligned themselves with a consortium led by Nations Bank of the US. It also includes Bankers Trust, the US investment bank, and Warburg Pincus, the investment company which is Argent's largest shareholder. The companies will help

estimate the value of the DSS estate, which includes buildings in most UK towns and a number of large administrative centres, and identify redevelopment opportunities.

The successful bidder will assume responsibility for managing the properties - including maintenance and cleaning services - and co-ordinating a capital investment programme aimed at upgrading them.

It is also possible that the winning consortium would be able to move DSS employees to new premises in order to release sites which could be re-let or re-developed.

The annual rent roll of the portfolio is about £170m, equivalent to the rental income of the UK's fourth largest property company.

The full 25-year contract, including management and capital spending, is estimated to have a net present value of £3bn-£4bn. Other groups bidding for

the contract are led by Goldman Sachs, the US investment bank; Nomura, the Japanese securities house; UBS of Switzerland; NatWest Markets of the UK; Pell Frischmann, the facilities management group; and Bucknall Group, the quantity surveyors.

The six consortia will on Monday submit outline proposals to the DSS, which hopes to select a shortlist of three groups by the end of October.

Chesterton shares plummet on accounting revelations

By Simon London

Shares in Chesterton, the property agent which floated in 1994, fell by 35% yesterday as the company revealed that profits had been overstated.

Pre-tax profits halved from £3.3m to £2.4m in the year to June 30, after a £1.4m write-off relating to prior years.

Mr Giles Ballantine, chief executive since 1990 - who received remuneration of £118,000 last year - is to leave. Mr William Wells, chairman, said that Mr Ballantine had agreed to stand down in the best interests of the group.

The figures include a £90,000 accounting charge, mainly relating to commission income which was double-counted following the introduction of new accounting systems three years ago.

The company has also written off £60,000 relating to professional indemnity claims against which it made insufficient provisions.

The problems were uncovered following the arrival in July of Mr Ian Fleming, finance director. Chesterton's former finance director, Mr Angus Palmer, retired in June.

Mr Wells said that the position of Price Waterhouse, the group's auditor, would be discussed by the company's audit committee.

Profits were also hit by £330,000 costs relating to bidding for contracts under the government's Private Finance Initiative, which aims to bring private capital into public projects.

Turnover of continuing operations edged ahead to £71.5m (£70.3m).

NEWS DIGEST

GrandMet drinks growth

Benefiting from sharply higher advertising spending, Grand Metropolitan has pushed up sales volumes and prices of its alcoholic drinks in the financial year ending this month.

Volume was up 3 per cent year to date, pricing was firmer - particularly in the US - and drinks' profit growth had resumed in Europe, it said yesterday in a trading statement.

Analysts slightly upgraded their forecasts for GrandMet's spirits profits despite volume growth slowing from 5 per cent at the half-year. Many shaved, however, their forecasts of profits from GrandMet's Burger King restaurants and Pillsbury foods business. Overall, most left unchanged their forecasts for group pre-tax profits of about £965m (£912m).

In contrast, its rival Guinness reported on Thursday only a 1 per cent rise in spirits volume in its first half results. But it pledged to increase its advertising spending to stimulate sales and help push through price increases. "GrandMet started spending more on advertising while cutting its other operating costs about 18 months to two years before Guinness and is enjoying this benefit," one analyst said.

In the UK, GrandMet reported further growth of Baileys Irish Cream Liqueur, price increases on its main brands and the launch of Smirnoff Mule, a vodka and ginger ale pre-mixed drink. Prices were raised on leading brands in the US such as J&B Scotch whisky, Smirnoff and Bombay gin. US volumes were flat while emerging markets were up 10 per cent.

Burger King continued to trade strongly in the US with like-for-like restaurant sales up 2.5 per cent but the UK performance "has been disappointing," the group said.

Federick Oram

Exceptions hit Anglo Utd

Losses on disposals amounted to a net £22.4m, together with overall interest charges of £18.2m, left Anglo United, the fuels and trading group, with pre-tax losses of £33.3m for the year to March 31. Losses of £12.4m last time were after interest costs of £20.8m. The shares halved to 5p.

Profit on continuing operations before exceptions was £10m (£11.7m), which Mr Alan Brooks, chairman, said was "achieved in a very disturbed trading environment which continued to be affected by the privatisation of the coal industry".

Anglo's disposal programme was continuing although as yet no agreement had been reached for the sale of its smokeless fuels and chemicals business. When that happened the group would seek a further financial restructuring, Mr Brooks said. It continued "to maintain tight control of its working capital and to operate within its banking facilities".

Turnover of continuing operations edged ahead to £71.5m (£70.3m).

Beckwith buys portfolio

Portfolio Holdings, the private property company chaired by Mr John Beckwith, one of the most high-profile figures of the 1980s property boom, is leading a consortium which is acquiring a £130m institutional property portfolio.

Colonial Mutual, the Australian life insurer, is selling its entire UK property portfolio to the consortium, which also includes GE Capital, the financial services arm of General Electric of the US; Apollo Real Estate, a US property investor; and Pelham Partners, a private UK-based fund.

The deal is Mr Beckwith's largest venture since 1990, when he sold London & Edinburgh Trust for £491m to SPP, the Swedish investor, close to the peak of the property market. He was recently an unsuccessful bidder for the privatisation of the Ministry of Defence's £1.6bn married quarters housing estate.

Simon London

Reshaped Graystone advances

More efficient operations at Graystone saw pre-tax profits rise 47 per cent to £3.8m after the distributor and engineer split into two divisions and nearly doubled its sales.

The group formed into engineering and distribution sides, with management for each subsumed into those arms. This, combined with better export sales, took turnover up 97 per cent to £92m in the year to June. Despite the pre-tax rise the earnings per share edged up from 1.5p to 1.58p due to a higher tax charge and more shares in issue. Nevertheless, the dividend is increased from 0.52p to 0.64p.

Earl buys into Courtyard

Mr Robert Earl, the creator of the Planet Hollywood restaurant chain, has taken a 3.25 per cent stake in Courtyard Leisure, the restaurant and wine bar operator. Shares in Courtyard rose 6.4p to 19.4p yesterday, capitalising it at £5.4m.

In June, Marzesa, the investment company, sold 7.89m shares in Courtyard, representing 29.9 per cent, to London and Investment Holdings, which operates the Drum and Monkey bar and bistro chain.

Castle Mill raising £2m

Castle Mill International, the wholesale clothing distributor, is raising about £2m net via a placing and open offer of 52.5m new shares at 25p. It also plans new option agreements in respect of a further 7.5m shares.

In a further move to eliminate non-trading debt, CMI said conditional arrangements had been reached with Overseas Trust Bank and Bank Negara Indonesia to achieve a full and final settlement. In addition to the earlier announced waiver of £1.5m borrowings by OTB, the effect of the move is to reduce total amounts to be repaid from £4.1m at February 27 to £725,000.

The offer includes a clawback of up to 21.1m shares on a 1-for-1 basis. The shares rose 4p to 3p.

Electrophoresis shares up

Shares in Electrophoresis International rose 10p to close at 75p yesterday following confirmation by the protein mapping and diagnostic research company that it had been granted a US licence to commercialise a patent for identifying Creutzfeldt-Jakob Disease, the human equivalent of BSE or mad cow disease.

The company said the process may be a diagnostic marker for such animals infected with BSE.

In Brief

■ BROOKE TOOL ENGINEERING, the UK cutting tool and coil spring maker, is buying APW Engineering for £1.8m in loan notes and cash. The company, which plans to raise about £4.3m net via a 1-for-10 rights issue at 125p to finance the acquisition and reduce debt, the share capital will be consolidated on a similar basis. The shares were unchanged yesterday at 14p.

■ MARLEY has bought Greenwood Air Management for £17.5m cash from Hunter Group. Greenwood, which makes extractor fans for the residential and commercial markets and operates from sites in Sussex and south-east London, had sales of £11.9m in 1995, and produced operating profits of £2.4m.

■ SCOTTISH TELEVISION has sold its 27.5 per cent stake in Coutts Consulting Group, the international career management and outplacement concern. The £8.6m proceeds from the sale of the 12.78m shares at 52p each will be used to fund the purchase of Caledonian Publishing. The shares were placed with institutional investors.

Resilient Hepworth seeks acquisitions

By Andrew Taylor,
Construction Correspondent

Hepworth, the building materials and central heating group, yesterday signalled it would be seeking further acquisitions as it announced one of the more resilient first-half results in the sector.

Pre-tax profits for the six months to June 30 fell by just 5.3 per cent to £23.5m in spite of difficult markets and poor winter weather in its European markets.

This compares with a 42 per cent fall in first-half profits announced earlier this week by Redland, the roof tile and aggregates business, and a 27 per cent fall over the same period announced earlier this month by RMC, the world's largest ready mix concrete producer.

Mr John Carter, Hepworth's chief executive, said the company's resilient performance reflected the benefits of tough cost cutting and new product developments which had helped

it increase market share. The shares, however, fell 2.9p to 295.4p following the announcement that Mr Jean-François Chêne, head of the Saumier Duval boiler subsidiary, was leaving the group. He is being replaced by Mr Pierre Franken, managing director of Saumier's Benelux operations.

Mr Carter said Hepworth's strong financial position - gearing is only 12.6 per cent - left plenty of room for international acquisitions.

The group has recently expanded in eastern Europe and east Asia. Any future large purchase, however, is likely to be made in western Europe.

The company is known to have been looking in Germany, where it currently has few sales.

The building products division, which sells 80 per cent of its plastic, clay and concrete pipes to the UK market, saw operating profits slip to £7.7m (£10.8m).

Home products profits increased to £6m (£5.6).



Looking for expansion - Malcolm Heald (left), finance director, with John Carter in a deep access chamber

Wickes explanation to shareholders is delayed

By Ross Tieman

Wickes, the builders' merchant chain, has delayed the long-awaited letter to shareholders that will explain how profits came to be overstated by a total of £25m over the past three years.

The letter, which will provide the first evidence of the ongoing business's viability, cannot be sent until future relationships with suppliers have been clarified.

Discounts from suppliers, booked prematurely as profit, appear to have been at the heart of the company's difficulties, but despite

prolonged talks some of its 160 suppliers have proved reluctant to agree new, less advantageous, terms while they are able to show evidence that existing agreements remain valid. Because of their stance, Wickes will be unable to meet its self-imposed Monday deadline to explain what went wrong.

The letter, now expected during the second week of October, will also contain details from an inquiry into events at Wickes drawn up by Price Waterhouse, the accountants and solicitors Linklaters & Paines.

Wickes' advisers are keen to establish the viability of its 162 stores. If that can be achieved, the company is expected to use it as the launchpad for a £20m rights issue in December. The move would be accompanied by a relisting of the shares, suspended on June 25 at 69p after the accounting discrepancies were discovered.

It appears that the Wickes board, chaired by former banker Mr Michael von Brentano, may seek to sell the overseas operations in South Africa and the Benelux countries before relisting. That would reduce the amount needed from shareholders to plug the hole in its balance sheet.

The profit turnaround was helped by last year's £1.7m purchase of Imperial Pharmaceuticals Services, which develops and licenses HRT treatments. The company contributed an operating profit of £1.9m.

Most of the rest of the increase came from an agreement with Janssen Pharmaceuticals, a subsidiary of Johnson and Johnson of the US, for Galanthamine, an Alzheimer's treatment. Shire will receive royalties.

Sales more than trebled to £21.1m in the year to June 30. The Janssen deal contributed £8.2m of this,

Profitable Shire looks for buys

By Jane Martinson

Shire Pharmaceuticals, which develops and markets prescription medicines, said it was on the acquisition trail yesterday, as it turned a pre-tax loss of £7.65m into a profit of £2.85m.

The company, which floated in February, said it was in advanced talks to buy "two or three" companies which could market its products. It was also looking at buying registered products.

The profit turnaround was helped by last year's £1.7m purchase of Imperial Pharmaceuticals Services, which develops and licenses HRT treatments. The company contributed an operating profit of £1.9m.

Most of the rest of the increase came from an agreement with Janssen Pharmaceuticals, a subsidiary of Johnson and Johnson of the US, for Galanthamine, an Alzheimer's treatment. Shire will receive royalties.

Sales more than trebled to £21.1m in the year to June 30. The Janssen deal contributed £8.2m of this,

ing the transfer cost of acquired players had been added to the balance sheet.

Last year the club spent a net £1.5m on transfer fees, acquiring Mark Hughes, Dan Petrescu and Terry Phelan. Excluding transfers, operating profits were £64.000, down from £8m primarily because of greater expenses tied to squad wage costs and stadium redevelopment.

Revenues rose to £15.9m (£12.2m), aided by another good run in the FA Cup, about £1m from its new catering and functions business, and the completion of the new north stand, which raised capacity to 24,000.

However, the club said construction of the new south stand would reduce capacity this season by 6,000. It is being built as part of a £29.5m multi-use complex that will include a hotel, restaurants, shops, and offices.

Chelsea Village shares were introduced to Aim in March at 55p. Yesterday they closed down 2p at 52.4p.

The company was making the change - previously player purchase costs were charged to the profit and loss account - to reflect the European court ruling banning clubs from demanding fees for out-of-contract players moving elsewhere in the EU.

The company said the new treatment, bringing it into line with other big quoted clubs, meant £6.2m in intangible assets represent-

ing the transfer cost of acquired players had been added to the balance sheet.

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Revenues rose to £15.9m (£12.2m), aided by another good run in the FA Cup, about £1m from its new catering and functions business, and the completion of the new north stand, which raised capacity to 24,000.

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Last year the club spent a net £1

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Copper tightness returns

Supply tightness returned to the copper market late this week, causing a resumption of the distortion of price patterns on the London Metal Exchange that has prevailed for much of the past two years.

Yesterday's rise in the copper market was followed, albeit at a respectful distance, by tin, lead and zinc prices, but aluminium's prices were barely changed and nickel's modestly lower.

Unless some of the base metals saw significant gains soon, medium term down-trends would start to reassert themselves, chart analyst Eli Gifford of Investment Research of Cambridge warned. "This would leave tin and nickel looking particularly vulnerable to a breakdown as their supports represent long term levels and if they were broken large tops would form."

At the London Bullion market the gold price ended a nervous week clinging to the wreckage of last month's attempted rally. Having been generally on the slide ever since it peaked on August 27 at \$388.30 a troy ounce the price was pushed this week to the bottom end of its recent trading range.

It closed yesterday at \$381 an ounce, down \$60 cents on the week, and analysts were warning that a breach of psychological support at \$380 and technical support at \$375 could be a prelude to tests of the critical technical areas around \$375 and then \$372.

"There's been a concerted attempt to go after the \$380 level in gold, but it's held so far," a dealer told Reuters. "This is a real key area for gold and the key for the whole [precious metals] sector."

The market was influenced by Thursday's news that the International Monetary Fund had the necessary majority to sell \$m ounces gold to help pay for aid to poor countries.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest	Change	Year	1996	Open	Price on week ago	High	Low
Cold per troy oz.	339.00	-0.60		338.35	541.10	338.00	541.20	2,902
Silver per troy oz.	8.50	-0.05		8.45	10.50	8.45	10.50	2,585
Aluminium 99.7% (troy)	1,376	+4		1,375.5	1,375	1,375	1,375	1,357
Copper Grade A (troy)	1,975	-0.05		1,975.0	2,025	1,975.0	2,025	1,975
Nickel (troy)	1,624	+0.04		1,623.00	1,625.00	1,623.00	1,625.00	1,623
Zinc	800	-0.00		800.00	848.25	800.00	848.25	800
Tin	2,920	+0.00		2,920.00	3,025.00	2,920.00	3,025.00	2,920

Per tonne unless otherwise stated. * per troy ounce. ** per troy pound. x per troy oz.

WORLD BOND PRICES

By Sammer Isakander

The pace of Italian yield convergence towards German levels yesterday reached new heights, as the 10-year spread tightened as much in one day as it had in the previous week.

Liffe's December BTP future rocketed to an intra-day high of 122.50, before retreating on profit-taking to close at 121.80, up 1.47. Mean while, in the cash market, a 1.24 point rise in the 10-year benchmark BTP to 107.12 brought its spread over bonds down to 24.9 basis points, from 27.0 on Thursday.

Analysts said that, according to the latest budget plan, the public deficit locked set to fall to 3 per cent of GDP as soon as next year, making the country a very likely contender for European economic and monetary union in 1999.

Euro bullishness spilled over into other peripheral markets, with the Spanish and Swedish 10-year yield spreads over bonds narrowing by 13 and 9 basis points respectively to 177 and 130 basis points.

BENCHMARK GOVERNMENT BONDS

	Red	Date	Price	Day's change	Yield	Week	Month
Australia	6.750	11/05	92.630	-0.200	7.77	7.95	8.00
Austria	6.250	05/05	100.750	-0.000	6.25	6.25	6.25
Belgium	7.000	12/05	99.200	-0.020	6.94	6.95	6.95
Canada	7.000	12/05	99.200	-0.020	7.14	7.40	7.29
Denmark	8.000	03/05	107.080	-0.080	6.88	7.12	7.21
France	5.500	10/01	101.310	-0.000	5.50	5.51	5.51
Germany	5.500	04/06	101.500	-0.000	5.50	5.51	5.51
Iceland	8.000	03/05	107.030	-0.080	6.88	7.28	7.52
Japan	14.00	03/05	115.400	-0.140	12.80	12.85	12.85
No 140	8.000	03/05	102.000	-0.020	7.70	7.70	7.70
No 162	3.000	03/05	108.140	-0.140	5.67	5.67	5.67
Netherlands	9.500	02/05	110.630	-0.070	7.84	8.20	8.20
Portugal	6.800	04/05	106.020	-0.070	7.85	8.25	8.91
Spain	8.000	12/05	99.200	-0.020	6.94	6.95	6.95
Sweden	5.000	12/05	103.100	-0.020	6.53	7.75	7.77
UK	7.500	12/05	98.25	-1.020	6.93	7.05	7.77
Japan	10.000	10/05	105.110	-0.020	7.70	7.70	7.70
US Treasury	7.000	04/05	104.0500	-0.200	6.41	6.60	6.76

LCI (French Govt) 7.000 04/05 104.0500 -0.200 6.41 6.60 6.76

London clearing, New York mid-day 55-57

* Cents (including withholding tax of 12.5 per cent payable by non-residents)

** Cents (including withholding tax of 12.5 per cent payable by non-residents)

*** LCI (US 10-year) 100.000 04/05 104.0500

Source: MME International

The options expiry next Wednesday was also seen as a short-term bullish factor, traders said, with one large US investment house reported to hold a long position in \$2,000 calls (options to buy) and prepared to push underlying prices higher to force hedging by options grantees.

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BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINUM 99.7% (\$ per tonne)

Closes

Previous 1378.5-783.5 1413-14

High/low 1381.5 - 1420/1405

AM Official 1381.5 - 1420/1405

Kerb close 1381.5-1425 1415-16

Open Int. 216,870

Total daily turnover 33,855

■ ALUMINUM ALLOY 5 (\$ per tonne)

Closes

1220-25 1243-45

Previous 1225-35 1245-50

High/low 1227/1214

AM Official 1230-35 1247-50

Kerb close 1230-35 1247-50

Open Int. 4,880

Total daily turnover 2,195

■ LEAD (\$ per tonne)

Closes

780-2 782-4

Previous 780.5-782.5 784.5-5.0

High/low 788-78 787.5-8

AM Official 787-7.5 787.5-8

Kerb close 787-7.5 787.5-8

Open Int. 38,227

Total daily turnover 5,964

■ TIN (\$ per tonne)

Closes

7150-80 7200-80

Previous 7225-35 7240-80

High/low 7245-72 7250-80

AM Official 7211-21 7230-80

Kerb close 7211-21 7230-80

Open Int. 41,173

Total daily turnover 14,260

■ COLOMBIAN COBALT (\$ per tonne)

Closes

6015-25 6025-25

Previous 6020-25 6030-25

High/low 6025-25 6030-25

AM Official 6070-80 6080-80

Kerb close 6070-80 6080-80

Open Int. 74,505

Total daily turnover 6,777

■ COPPER (Grade A) (\$ per tonne)

Closes

998.5-1000.5 1025-1025

Previous 998.5-1000.5 1020-1020

High/low 998.5-1000.5 1020-1020

AM Official 1020-1020 1025-1025

Kerb close 1020-1020 1025-1025

Open Int. 74,505

Total daily turnover 9,777

■ COPPER (Grade B) (\$ per tonne)

Closes

998.5-1000.5 1025-1025

Previous 998.5-1000.5 1020-1020

High/low 998.5-1000.5 1020-1020

AM Official 1020-1020 1025-1025

Kerb close 10

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday September 28 1996

Economics of another world

Vietnam. Even 21 years after the ending of the war there, the name still resonates in the conscience of the west. This week, it achieved a completely different significance, standing in the International Monetary Fund's latest World Economic Outlook, as the country expected to achieve the highest growth in the world.

Even though Vietnam's economy is likely to expand by 9.5 per cent this year, and will have grown by 30 per cent over the last three years, it remains a poor country with huge problems. However, its achievement illustrates remarkable changes which have been taking place in the world economy, particularly among the less developed and the former communist countries.

For example, in 1975, the fateful year in which America's GIs came home from Saigon, the industrial world was facing the dismal conjunction of an average annual inflation rate of 13 per cent and economic stagnation. Who then believed that the countries swallowed into the communist maw - in eastern Europe as well as the far east - could ever emerge as vigorous market economies?

Of course, huge problems remain to be overcome. However, in its rather spare prose, the IMF explains that, despite the dangers, things are getting decisively better. In the countries in transition (those emerging from communism), economic activity overall is projected to stabilise in 1996 after five years of decline. Eight countries are expected to register growth of 5 per cent or more. Further gains in reducing inflation are also projected."

Necessary medicine

The Fund can be allowed to congratulate itself a little that the medicine it has prescribed for the world in past decades is proving to work. It has suffered reverses and disappointments in several countries (and Vietnam made up its prescription without the IMF's help). Even so, reducing deficits, controlling inflation, abandoning price controls, substituting market freedoms for political controls - all measures which have attracted fierce resistance and scorn from the Fund's critics - are now paying off.

The Fund and the World Bank do not deserve all the credit, by any means. However, the fact that the developing countries as a whole are expected to continue steady growth of about 6

per cent this year, while cutting inflation from an annual rate of nearly 50 per cent to 13 per cent, is at least partly due to the institutions' efforts to foster sensible policies.

The reduction of inflation has been especially impressive in Latin America, where the annual rate has fallen from more than 200 per cent in 1994 to an expected 20 per cent this year, associated with a modest acceleration of economic growth to 3 per cent. The countries of Africa have also made progress against inflation while raising average growth to 5 per cent.

Harsh reforms

It would be wrong to take too Panglossian a view of this progress. In many countries it still needs to be consolidated by painful reforms. And some countries remain in poor shape.

In Russia, for example, the tumult which goes by the name of economy is only expected to get worse less quickly this year.

For the world as a whole, however, the outlook is cheerful. Inflation remains highly subdued in the industrial countries and under better control elsewhere. As the Fund points out, low inflation does not guarantee economic health, but high inflation makes an economy susceptible to ailments.

On present policies, the IMF thinks inflation will continue to be subdued in the developing and former communist groups. Increasing output in these countries will push up the world's economic growth rate to over 4 per cent in the next five years. This is impressively better than the 3 per cent achieved in the 1980s and '90s - or the 2.6 per cent expected from the advanced countries.

If such trends continue, the world will indeed become a different place. In less than a decade, the total output of the developing economies will have overtaken that of developed countries. High inflation might be a thing of the past. The IMF points out that sustained inflation is a relatively modern phenomenon. If it seemed in the mid-1970s almost impossible to tame, we now know that it can be done, and how.

Of course, low inflation and high average growth offer only distant hope to desperately poor people. Yet the IMF estimates that in 20 years the former communist countries could be as prosperous as developed countries are now. Far away? It is no more than the distance between now and the Vietnam war.

Men in the News · Benjamin Netanyahu and Yassir Arafat

The high price of obstinacy

Judy Dempsey on the two leaders at the heart of the Jerusalem conflict



available measure to protect our troops."

But there are growing misgivings among the Israeli public about Mr Netanyahu's ability to handle the peace process. In particular, there are doubts whether he can deal with the new relationship between the Israelis and the Palestinians created by the Interim Agreement.

As an editorial yesterday in *Haaretz*, the liberal Israeli daily, concluded, the prime minister was operating with "disturbing slowness and heaviness". An opinion poll in *Yediot Acharonot*, a mass circulation daily, showed 54 per cent of respondents did not believe the tunnel exit should have been opened.

Mr Arafat has also been the object of criticism and frustration among Palestinians since Mr Netanyahu's election. He has been accused of not applying enough pressure on the Likud-led government to advance the peace process and keep the Palestinian Authority on centre stage.

At the same time he has been under attack for his autocratic style of rule. Opponents charge that his administration does not tolerate dissent and has imprisoned and tortured human rights activists. Aid meant to build a viable Palestinian economy is said to have been inefficiently used and even misappropriated.

But the 30,000-strong security forces he has built up and used primarily to control his own people have suddenly turned their guns on Israeli troops and transformed the credibility of Mr Arafat's regime. His most immediate task now is to show he can control his police forces.

"If Arafat cannot do that, then he is of no use. If he can, then he has to be accountable for what they do especially since we are dealing with two sides who are now armed," says an Israeli government official.

Even if the violence is brought under control, both leaders will be loath to return to the negotiating table without some concessions. And even if Mr Netanyahu wants to restart the negotiations, his room for manoeuvre is limited.

This is because Mr Netanyahu relies in parliament on the support of the ultra-right-wing and Orthodox parties. They will not accept concessions that would include closing the tunnel exit, stopping the expansion of settlements, redeploying troops from Hebron or giving up control around the biblical tomb of Joseph in the West Bank town of Nablus where there was very heavy fighting on Thursday.

"Netanyahu says he will not reward the Palestinians because of the recent days," says an Israeli government official. "But the point is some of those rewards are actually part of the peace process."

"Arafat knows this. But Netanyahu does not seem to understand it. So much depends on how much he is prepared to listen in the coming days."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be sent in, +44 171-873 2928, e-mail: letters@ft.com. Published letters are also available on the FT website, <http://www.ft.com>. Translation may be available for letters written in the following non-English languages: French, German, Spanish, Italian, Dutch, Portuguese, Chinese, Japanese, Korean, Russian, Arabic, Hebrew, Persian, and Farsi.

Brussels has met textiles obligations

From Mr G. Arnould.

Sir, I refer to your editorial "Tangled yarn" (September 19). The dumping investigation you refer to was introduced by Eurocoton, which represents the whole of the European cotton industry. It pertains to dumping occurrences which took place in 1986.

Rather than being "perverse" the exercise is purely technical and it bears no relation with the European Union industrial or trade policy. The aim of the investigation is to determine if the evidence presented by the plaintiff is sufficient to establish beyond doubt that there has indeed been dumping.

The process is similar to that in any criminal investigation and its outcome does not reflect a political choice. A party is judged guilty or not.

But there is worse. The timing of the dismantling of the textile quotas is precisely defined in the

Uruguay Round Agreement and the EU has met all its obligations (no one is disputing it except the Financial Times).

The terms of the agreement are such that no "deal" is possible. But they also include the parallel obligations of the parties to provide access to their markets and to implement the World Trade Organisation rules.

Such obligations are simply not met by most leading exporting countries such as China, India, Pakistan, Indonesia and others and it is only legitimate that, when selecting the 17 per cent of products to be liberalised in phase II (the choice of importers), the extent of market opening by exporters be taken into account. In the context of their market opening obligation some countries "offered" to consolidate (ie to guarantee never to exceed) their tariffs at levels higher than before the Uruguay Round: they included Argentina, Indonesia, New Zealand.

G. Arnould,
director general,
The European Apparel & Textile
Organisation,
24 rue Montoyer,
1000 Brussels, Belgium

Fortifications are a reason for tension

From Prof Dr S. Sonayel.

Sir, Karin Hope, on a visit to the island of Simi, just six miles from the Turkish coast, mentions ("Money talks louder than rhetoric on frontline isle", September 16) seeing concrete bunkers and naval patrols. Your readers ought to be made aware that, under international law, these fortifications are strictly illegal and I believe they are one of the main reasons for the tensions between Greece and Turkey in the Aegean.

Since 1946, the Dodecanese are supposed to have been demilitarised. Greece's word seems to be worth very little.

S. Sonayel,
c/o 40 Chatsworth Heights,
Cambridge,
Surrey GU15 1NH, UK

FT-IT
Wednesday,
October 2.

Don't forget

Factors determining policy on IGC are precariously balanced

From Mr Andrew Cecil
and Mr William Law.

Sir, Ian Davidson ("Showdown time", September 18) correctly recognises the French and German governments' realisation that a new Labour government may not necessarily be more co-operative in the discussions on the revision of the Treaty on European Union than the present UK government. However, he bases his judgment on certain misconceptions. Labour party policy on Europe is far from determined or even clear at present. This is evidenced by the regular conflicting undertones

between the European Parliamentary Labour party (EPLP) and its domestic master. Should the dog wag the tail or should the EPLP be given a greater say in shaping Labour policy on Europe? Until the Labour party comes clean about its stance towards its European partners it is unlikely that either French or German policymakers would base their approach to the intergovernmental conference on the silent dictum of Mr Blair's New Labour.

Second, it should not be assumed that France and Germany will push for the

maximalist agenda that outwardly they purport to support. French reservations about ceding further powers from the Elysée to Brussels are deeply rooted and will become more apparent as the focus of the IGC discussions narrow. A foretaste of what may be to come is the French government's insistence on excluding the European parliament from an active negotiating role at the IGC.

As for the Germans, Chancellor Kohl will need to gain popular support for any reforms that are proposed. This will have to be done within the context of a

delicate parliamentary majority and possible conflict with the strong economic and social forces within Germany at present.

Therefore the factors determining French, German and the Labour party's policy on the IGC are precariously balanced, but are more likely to be shaped by internal political considerations than by looking across national borders for guidance.

Andrew Cecil,
William Law,
Avenue Juliette Wytsman 72,
1050 Brussels, Belgium

The October issue of FT-IT will provide a comprehensive update of IT in retailing, from new in-store applications to the most recent developments in home shopping.

It will also examine the future development of the smart card as the "electronic-purse" becomes increasingly important throughout the world. It will again be essential reading for everyone involved in IT, whether as user or supplier.

If you would like to obtain back issues of FT-IT, or receive details of our FT-IT subscription service, ring +44 171 5388288. And don't forget into your memory.

Financial Times,
World Business Newspaper



Catwalk comeback: Gucci doubled sales in the first half of the year

Hot labels steal the show

Luxury goods are selling well – but how long will the upturn last, asks Alice Rawsthorn

A good barometer for the health of the luxury goods industry is the size of American Vogue. This month it weights in at over 700 advertising-packed pages, the thickest for nearly a decade.

There are other encouraging signs: designer fashion shows, including London Fashion Week, have had record attendances; and last week, Gucci, the hip Italian label, reported that it had doubled sales and trebled profits in the first half of the year. Chic shopping streets, such as Avenue Montaigne in Paris and Manhattan's Madison Avenue, are veiled by builders' hoardings while expensive boutiques are built.

After a grim period, the luxury goods business has returned to the soaring sales and plump profit margins it enjoyed in the late 1980s. But there are different names on the Avenue Montaigne hoardings: Gucci and its competitor, Prada, are expanding aggressively, as are the US fashion designers Calvin Klein and Tommy Hilfiger. Will the hot luxury brands of the 1980s buck the boom-and-bust cycle that bevelled their predecessors?

"The market is incredibly strong right now," says Mr Edouard de Boisgelin, an analyst at Merrill Lynch in London. "But

this business is very volatile and incredibly cut-throat. It is also highly capital-intensive to build a brand for the long term."

The catalyst for the luxury revival is the economic climate: With the FTSE 100 Index edging towards 4,000 in London, and the Dow Jones Industrial Average approaching 6,000 in New York, affluent consumers in the established markets of Europe and North America feel relaxed about spending money, particularly as low interest rates give them little incentive to save it. Demand is also brisk in the emerging markets of Latin America, eastern Europe and south-east Asia.

Ten years ago the beneficiaries of the luxury market's buoyancy were established fashion houses – Chanel and Yves Saint Laurent in Paris, Gianni Versace and Giorgio Armani. They were known for instantly recognizable status symbols such as Chanel's double "C" button and Versace's Medusa medallions.

Some old names are still flourishing. Armani opened a store on Madison Avenue this month, and Chanel completed a 17-storey skyscraper on nearby 57th Street with five floors occupied by Frederic Fekkai, the \$280 (£180) a-cut hairdresser.

Other names, however, are growing faster. Gucci, dismissed

as a has-been brand in the late 1980s, has staged a remarkable revival since Investcorp, the Bahrain-based bank, took control from the founding family in 1989 and appointed a young Texan, Tom Ford, as chief designer. Domenico De Sole, president, says it sold \$200m of ready-to-wear in the first quarter of 1996 – "almost the same as in the whole of 1983 and 1984". He plans to add five new boutiques to Gucci's 65-strong chain by the end of 1997, including its first stores in China and Russia.

Prada, virtually unknown 10 years ago, has built a business with consolidated retail sales of £300m (£280m) and 65 shops. Its chief designer is Miuccia Prada, the founder's granddaughter, whose husband, Patrizio Bertelli, is chief executive.

After launching new boutiques on Madison Avenue and Avenue Montaigne this month, Mr Bertelli plans to open another 17 next year. He is also reportedly negotiating a perfume licensing deal with Estée Lauder, the US cosmetics group.

The driving force behind Gucci and Prada's growth is the change in taste away from formal French elegance to what Patrick Cox, the London-based shoe

designer whose colourful Wanabe loafers are 1990s fashion icons, calls the "new aesthetic". "Today's consumers are more confident about what they buy," says Cox, who opened his first boutique in London five years ago and is now expanding in Asia and North America. "They want subtler status symbols and high quality. The old guard of designers didn't get it."

The "new aesthetic" created an opportunity for US designers, whose ready-to-wear has traditionally been dismissed as stylistically derivative with poor quality, to introduce those ranges and their newly fashionable sportswear lines into Europe and Asia.

This weekend Dolce & Gabbana is opening a flagship store on London's Bond Street. Tommy Hilfiger is looking for a site there, and Ralph Lauren is already developing one, as is Calvin Klein who recently opened boutiques in Hong Kong and Seoul.

Designers have to open and operate their own shops, partly to present a coherent image for their brands, and partly to offset the power of the department stores – particularly in North America, where the retail sector is heavily consolidated. But establishing such showcases is expensive. The stream of store openings is driving up property

prices as designers chase the same sites in the limited number of suitable locations.

Promotion is also an expensive business. Gucci will spend roughly \$50m this year on advertising and other promotional activities such as fashion shows. Luxury companies are also locked in costly legal battles against the counterfeiters selling \$5 fake Calvin Klein T-shirts and \$20 mock-Prada bags. Mr Bertelli regards copyists and counterfeiters as Prada's biggest problem.

The need to control their image makes today's luxury companies wary of securing short-term sales growth by signing licensing deals as their antecedents did in the 1970s and 1980s. "You have to exercise a great deal of discipline," says Mr De Sole, who spent years severing Gucci's old licensing and distribution deals. "You can get into a lot of trouble if your distribution isn't right, or you license unsuitable products."

With cleverly controlled promotion and distribution, the public may come to see the hot labels of the 1990s as timeless classics like Hermès bags and Cartier watches. But for all their success in overtaking the established brands, there can be no guarantee for the new designers that they will not eventually succumb to the same disease of transience.

A Brussels directive is threatening an elegant piece of UK good practice, says Lionel Barber

Takeover trouble at the EU corral

How much clout do the British still wield in Brussels? We shall soon discover the answer. And for once it will have nothing to do with the beef crisis, the Maastricht treaty or the single currency.

At stake is an obscure piece of Euro-legislation called the 13th framework directive on takeover bids. Often dismissed as comatose, the directive has been moving fitfully through the system since 1985. Now it has enjoyed a Lazarus-like revival, to the alarm of the City of London. The resulting stand-off is a microcosm of the UK's troubled relationship with Europe.

The British case against the European Union's takeover directive is cultural as well as practical. The UK has by far the highest number of mergers and bids in Europe. Its system relies on self-regulation rather than the statute book. The cornerstone is the Takeover Code, which has evolved over 25 years.

Mr Alistair Defreuz, an ex-Warburg executive who is director-general of the Takeover Panel and a frequent visitor to Brussels these days, says an EU-wide direc-

tive will inevitably put self-regulation at risk. The code's chief assets are speed, flexibility and certainty. Mr Defreuz's nightmare is that aggrieved parties will seek redress in the UK courts and, ultimately, the European Court of Justice, the bugbear of Tory Euro-sceptics.

So what is the European Commission up to? The answer lies in the tangled history of the takeover directive. It began in 1985 as a good-faith effort to make it easier for European companies to expand and restructure in the internal market. The proposed incentive was a legally backed guarantee of equivalent standards of protection of shareholders in mergers and acquisitions.

The original EU directive was too detailed and intrusive. It might have expired had it not been for a dramatic battle in 1989 in Belgium for control of Société Générale du Belgique involving Mr Carlo De Benedetti, the Italian industrialist, and a French-backed rival consortium. The contested bid for Générale not only exposed holes in Belgian law, but also prompted a French-led campaign for Europe-wide clarity.

A revised directive trun-

dled through the Commission, and almost tripped up at the Edinburgh summit in December 1992. At the time, EU leaders were supposed to scrap legislation deemed redundant on the grounds of "subsidiarity" – the Brussels code for devolving decision-making to the lowest appropriate level. By April 1995, after the accession of Austria, Finland and Sweden to the EU, the Commission consulted the member states again and a majority signalled they were in favour of a new directive.

Commission officials insist that the revised proposal would export the best of the British practices to Europe. Hence the requirement for a national supervisory authority; an obligation to make a bid once "control" is established; a ban on false markets; and a flimsy clause which states that companies should be protected from being the target of bids for "longer than reasonable".

The Commission points out, fairly, that the present takeover regime in Europe is a hotch-potch. Austria has no legislation. Belgium has no minimum threshold for shareholdings that would automatically trigger a bid. Denmark has a code but no rules. Germany's tradition of

cross-shareholdings and its aversion to hostile bids makes its system doubly opaque. As for the British, the Commission believes it can soothe fears about a new statutory framework with one elegant phrase, apparently drafted with the help of Sir Leon Brittan, the EU trade commissioner. This would state that "the arrangements which transpose the directive in the UK are the City Code and the Takeover Panel". But the Department of Trade and Industry and the panel are worried that this still leaves the authorities vulnerable to legal challenge.

Beyond these fine legal points lies a much bigger political argument. Member states have made considerable progress in setting minimum standards for takeovers over the past 10 years. In this sense the original Commission proposal has provided countries into corrective action under the threat of Euro-legislation. Furthermore, the revised directive does not address the real barriers to takeovers in Europe such as cross-shareholdings, bearer shares, and proxies handed out to individuals.

Can the British carry the argument? Mr Defreuz is philosophical. After 11 years, he says, the directive may just gather dust. Or it could be diluted into a "recommendation", though there are

few precedents in the EU company law. In the last report, if the directive goes to the Council of Ministers, the UK will have to rely on the Germans, Dutch and Danes to form a "blocking minority".

But a night in Council is a risky venture. British blocking tactics during the beef war have used up a lot of goodwill. As Mr Defreuz admits: "There is a danger that when the British say they are opposed to something, their motives can be misinterpreted."

Those in Britain who wish to turn every policy into a do-or-die battle over national sovereignty should take heed. The British risk being ignored even when good sense is on their side.

ference speech of the unity he expects the party to demonstrate in the impending and unprecedented – vote of its members on *New Labour*, its *New Life for Britain*, its fledgling manifesto.

Divisions in the Tory party are probably deeper and focus on one main issue: whether sterling should participate in European monetary union. Mr Major is terrified the conference will be hijacked by the Eurosceptics' campaign for the government to rule out sterling's membership of a single currency for the life-time of the next parliament.

Pinned against the Eurosceptics is Mr Kenneth Clarke, the pro-European chancellor. He appears to have thrown caution to the wind in the aggressive tactics he is now employing. His aim is to keep the prime minister wedded to leaving open the question of whether sterling should join.

Mr Clarke has made it clear he will not remain as chancellor if the government's stance on monetary union shifts further in a Eurosceptic direction. Although the prime minister is tempted by the idea of ruling out joining the monetary union for the next parliament, he is reluctant to risk losing his chancellor since it could prompt the collapse of his government.

Although Mr Major has said that he expects the election to be in the spring, he is still toying with the possibility of an autumn general election to avoid being forced to leave it to the last possible opportunity. May remains the probability, but a successful conference will move the odds fractionally towards a November poll.

How life went flat for Pepsi

Coca-Cola's rival must learn to make the best of second place, says Richard Tomkins

Somebody has to say it: Pepsi has lost the cola war. Coca-Cola has outstripped PepsiCo in nearly every significant market in the world, and is getting bigger, faster.

Now PepsiCo has to find out how to make the best of life in second place. That, as much as anything, is the message to have come out of the restructuring announced by the company this week.

Later on Thursday, PepsiCo warned that problems in its international soft drinks business would send third-quarter earnings per share tumbling by 30 cents from the figure of 77 cents reported a year earlier, when it made net profits of \$601m (£350m).

Yesterday the company said its soft drink volume outside the US, far from growing, had fallen by 4 per cent in the third quarter.

"The business clearly is not in great shape," said Mr Roger Enrico, PepsiCo's chief executive.

Mr Enrico was putting it mildly. The past few weeks have brought a run of bad news from the international soft drinks business. PepsiCo's biggest international bottler, Bases de Argentina, has run into serious financial difficulties; the company has lost one of its most important overseas soft drink markets with the defection of its Venezuelan bottler to Coca-Cola; and the head of soft drinks has quit.

All this has come against a background of Coca-Cola's widening lead over PepsiCo. Coca-Cola's global market share was 47 per cent at the end of last year, compared with PepsiCo's 22.3 per cent; and in the first half of this year, Coca-Cola's worldwide soft drinks volumes increased at 8 per cent, twice the rate of PepsiCo's.

One big difference between Coca-Cola and PepsiCo is that PepsiCo is more than just a soft drinks company; it also has snack food and restaurant divisions. Last year, soft drinks accounted for only 37 per cent of PepsiCo's underlying operating profits, and international soft drinks for only 6 per cent.

"The international soft drinks business is never going to make or break PepsiCo by a long shot: snack food is much more

"We are the only number two in a \$100bn-plus category," he said. "Obviously, if you are in consumer packaged goods, anyone would envy our number two position."

Anyone, that is, except Coke.

PepsiCo losing its fizz

Operating profits 1995

International restaurants \$14m

US restaurants \$150m

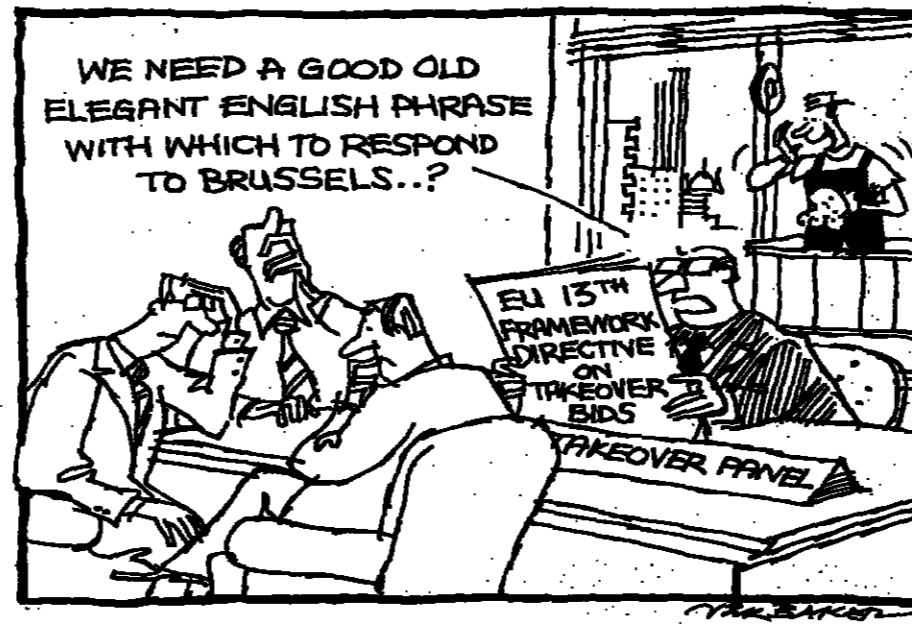
International snack foods \$300m

US snack foods \$1,152m

International beverages \$220m

US beverages \$1,152m

Source: PepsiCo



Dressed to impress

Major and Blair are swapping clothes, says Robert Peston



The politics of envy: Tony Blair (left) and John Major are reaching for each other's values

Red is blue and blue is red. Such at least appears to be the surreal message of the Tory and Labour leaderships for the coming fortnight, when they are subjected to scrutiny at their annual party conferences.

With just months to go before the general election – which must take place by May next year – Mr Tony Blair and Mr John Major have swapped clothes.

Mr Blair, on the platform at the hall of Blackpool's gaudy Winter Gardens, will portray himself as the reassuring middle-class voice of those on middling incomes.

"I'm just like you," he will imply. "I only want a nice house and safe streets for my children. And like you, I too get the shudders from those crass, bullying trade union bosses. Believe me, I would much rather have lunch with a politely spoken businessman."

Mr Major, in the rather more genteel surroundings of Bournemouth on the south coast, will portray himself as the "ordinary bloke", who pulled himself up from the shabby back streets of Brixton in south London to Downing Street.

The entire Tory conference will be focused on its "classless appeal", which the party's strategists regard as their greatest asset.

"We are going to be contrasting our boy who made it to the top from his famously underprivileged background with the public-school educated Blair," says a close adviser to the prime minister.

The parties are cross-dressing because they have identical views about the hopes and fears of the elec-

torate they need to woo. And both are focusing much of their attention on the same groups of voters – the bottom end of the middle-class and top of the working-class.

Their surveys show that the electorate in general – and these voters in particular – are bored with 17 years of Conservative government but fearful of radical change. Labour's task is to appear "new" but "safe". It will continue its efforts to show that it is converted to much of the individualism associated with Baroness Thatcher in the 1980s.

Hence the symbolic importance for Mr Blair of what Labour says about income tax if it is to break with its old image as a tax-and-spend party. He has decided that if Labour proposes a new top rate – which is by no means certain – it will be no greater than 50 per cent and will only be levied on incomes over £100,000 a year.

His main rallying cry will be the need for a Labour government to take a lead in the regeneration of the UK. But again it will be couched in language traditionally associated with the Tories.

"Everything we do this week will be about the future of the UK, about the potential of our country," says one of his confidants. The message will be consciously "patriotic", using the emotive language of the need to prepare for the coming millennium.

There will be no shocking new initiatives. The whole

inclusiveness credentials were on show yesterday in an advertisement for trade unionists to support them.

"Working men and women are welcome in the Conservative party," the advert claimed. "We pledge not to put any interests above yours."

Of course, neither conference will run precisely as scripted by the party leaders and their media advisers. Mr Blair and Mr Major both fear the messages they wish to project will be overshadowed by internal party fights.

In the case of Labour, delegates from the more left-leaning unions and constituency parties are expected to inflict several symbolic defeats on the leadership in conference votes. One is

likely to be pensions, where Baroness Castle has campaigned against Mr Blair's refusal to restate the link between state pensions and average earnings.

Although a defeat on this issue will have no effect on what Mr Blair would do in government, it would be an embarrassment. So would a defeat on the proposals to abolish child benefit for 16- to 18-year-olds and replace it with a "targeted" educational allowance.

"I can't say I am completely relaxed about such defeats," says a senior member of the shadow cabinet, "because they will be portrayed in the media as signs that the party is split." Mr Blair will therefore make great play in his conference votes. One is

likely to be pensions, where Baroness Castle has campaigned against Mr Blair's refusal to restate the link between state pensions and average earnings.

Sterling high

MARKETS REPORT

By Richard Adams

Sterling continued its upward charge on international currency markets yesterday, boosted by heavy trading in government bond and short-dated sterling contracts.

The pound strengthened further against the D-Mark, to trade at its highest levels this year. Sterling eclipsed its July peak of DM2.3822, to reach a peak last seen in February 1995. It finished the day's trading in London at DM2.3834, up from DM2.3774 the previous day. The pound began the day below DM2.3600.

Meanwhile, short sterling interest rate futures for 1997 and 1998 again rose steeply. December 1997 contracts were trading eight basis points higher on the day, while March 1998 contracts were nine points up.

Sterling also stayed firm

against the US dollar, closing at \$1.5637, a slight rise from Thursday's closing price of \$1.5624. The Bank of England's trade-weighted sterling index moved up from 86.7, at the start of the day, to 86.9.

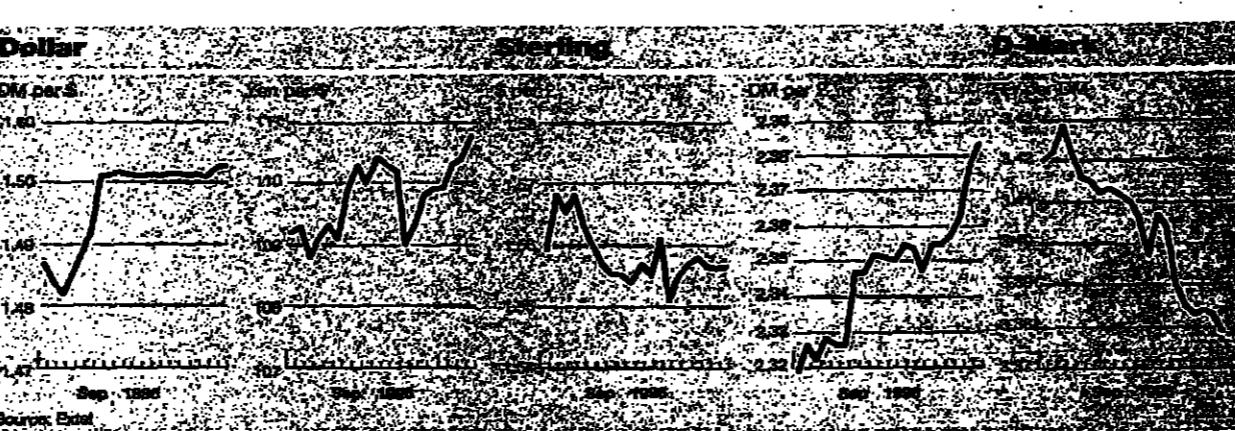
Sterling's performance was aided by the dollar's strong showing during the week, and the decline of the D-Mark across the board during the week.

The D-Mark was hit by a move out of the German cur-

rency into higher-yielding currencies on the periphery of European monetary union (Emu).

The main beneficiary of the D-Mark's fall was the Italian lira, which strengthened after continued buying of government bonds.

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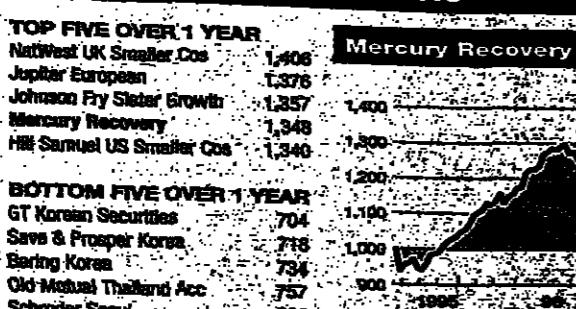
Sterling also stayed firm

POUND SPOT FORWARD AGAINST THE POUND

Sep 27	Closing mid-point	Change on day	Bid/offer spread	Day's mid-high	One month	Three months	One year	Bank of England's %PA	JP Morgan's %PA	Index
Switzerland	16.7797	+0.022	6.008 - 7.47	17.6747	16.7100	16.7605	2.2	16.8615	2.5	104.7
Belgium	49.0674	+0.154	2.511 - 2.98	49.1098	49.0540	49.0724	2.2	49.0124	2.2	105.3
Denmark	9.1487	+0.073	2.503 - 2.93	9.1250	9.1361	9.1361	1.8	9.1148	0.7	107.5
Austria	7.1267	-0.073	2.23 - 2.42	7.1460	7.0850	7.1243	0.7	7.1168	0.7	85.2
France	FF7.3204	+0.005	2.00 - 2.04	FF7.3204	FF7.3204	FF7.3204	1.6	FF7.3204	1.6	104.0
Germany	DM7.3204	+0.005	2.00 - 2.04	DM7.3204	DM7.3204	DM7.3204	2.5	DM7.3204	2.4	104.0
Greece	Dr7.3204	+1.13	2.88 - 2.91	Dr7.3204	Dr7.3204	Dr7.3204	0.7	Dr7.3204	0.7	87.3
Ireland	IE7.3204	+0.005	2.52 - 2.55	IE7.3204	IE7.3204	IE7.3204	0.7	IE7.3204	0.7	87.3
Italy	Li7.3204	+0.48	8.87 - 9.04	Li7.3204	Li7.3204	Li7.3204	2.2	Li7.3204	2.2	107.4
Luxembourg	LU7.3204	+0.005	2.52 - 2.55	LU7.3204	LU7.3204	LU7.3204	0.7	LU7.3204	0.7	105.8
Netherlands	DM7.3204	+0.005	2.52 - 2.55	DM7.3204	DM7.3204	DM7.3204	0.7	DM7.3204	0.7	105.8
Portugal	PE7.3204	+0.005	2.52 - 2.55	PE7.3204	PE7.3204	PE7.3204	0.7	PE7.3204	0.7	88.6
Spain	Pe7.3204	+0.005	2.52 - 2.55	Pe7.3204	Pe7.3204	Pe7.3204	0.7	Pe7.3204	0.7	88.6
Sweden	SE7.3204	+0.005	2.52 - 2.55	SE7.3204	SE7.3204	SE7.3204	0.7	SE7.3204	0.7	104.0
UK	£7.3204	+0.005	2.52 - 2.55	£7.3204	£7.3204	£7.3204	0.7	£7.3204	0.7	104.0
Ecu	-	-	-	-	-	-	-	-	-	-
SDR	-	-	-	-	-	-	-	-	-	-
Americas	-	-	-	-	-	-	-	-	-	-
Argentina	Peso7.3204	+0.007	6.27 - 6.34	1.5843	1.5864	-	-	-	-	-
Chile	Pes7.3204	+0.005	8.95 - 9.02	1.5843	1.5864	-	-	-	-	-
Colombia	Pes7.3204	+0.005	2.23 - 2.31	2.1316	2.1316	0.7	2.1281	0.7	8.8	84.6
Mexico (New Pes)	Pes7.3204	+0.016	8.42 - 8.73	11.7548	11.7548	11.7548	0.7	12.0157	-1.5	202.57
USA	\$7.3204	+0.003	8.32 - 8.49	1.5843	1.5864	1.5864	0.7	1.5864	0.7	104.0
Pacific/Middle East/Africa	-	-	-	-	-	-	-	-	-	-
Australia	A\$7.3204	+0.009	7.98 - 8.00	1.5760	1.5805	1.5805	-1.5	1.5823	-1.5	103.8
Hong Kong	HK\$7.3204	+0.005	12.00 - 12.02	12.0201	12.0201	12.0201	0.7	12.0272	0.7	104.0
Philippines	PhP7.3204	+0.005	2.00 - 2.02	2.0000	2.0000	2.0000	0.7	2.0000	0.7	104.0
Singapore	S\$7.3204	+0.005	2.00 - 2.02	2.0000	2.0000	2.0000	0.7	2.0000	0.7	104.0
South Africa	R7.3204	+0.005	8.49 - 8.51	7.0544	7.0544	7.0544	-0.7	7.0544	-0.7	104.0
South Korea	Won7.3204	+1.95	8.94 - 9.04	12.0032	12.0032	12.0032	0.7	12.0032	0.7	104.0
Taiwan	T\$7.3204	+0.038	4.38 - 4.40	42.9544	42.9570	42.9570	0.7	42.9570	0.7	104.0
Thailand	Th\$7.3204	+0.005	32.55 - 33.55	39.7558	39.7558	39.7558	-0.7	39.7558	-0.7	104.0
UK	-	-	-	-	-	-	-	-	-	-
Denmark, French, Norwegian Krone, and Swedish Kroner per 100; Belgian Franc, Yen, Euros, Lira and Peseta per 100.	-	-	-	-	-	-	-	-	-	-
Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling rates are quoted in US dollars. Ecu and ECU are quoted in US currency. J.P. Morgan nominal indices are quoted by the FT.	-	-	-	-	-	-	-	-	-	-
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UNIT TRUSTS

■ WINNERS AND LOSERS



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

■ Indices

	1 year	3	5	10	Volatility
Average Unit Trust	1086	1,000	1,000	1,000	10%
Average Investment Trust	1092	1,000	1,000	1,000	10%
Bank	1035	1,000	1,000	1,000	10%
Building Society	1094	1,000	1,000	1,000	10%
Smallcap FT-SE 100	1189	1,000	1,000	1,000	10%
Midcap	1021	1,000	1,000	1,000	10%

	1 year	3	5	10	Volatility
BWID Balanced Portfolio	1136	1479	1913	- 3.8	1.4
Credit Suisse High Income Port	1082	1387	1943	- 3.6	4.3
NPI UK Extra Income Inc	1093	1387	2021	- 3.1	2.9
Perpetual High Income	1061	1315	2002	- 3.0	3.9
Balfour Gifford Managed	1072	1263	1647	- 2.8	2.8
SECTOR AVERAGE	1080	1248	1674	2686	3.1

	1 year	3	5	10	Volatility
Framlington Convertible	1075	1201	1609	2470	2.6
Abstrax Fixed Interest	1028	1200	2045	2630	2.4
Britannia Gift & Fixed Int Inc	1028	1154	1519	- 1.7	8.5
Exeter Zero Preference	1027	1153	1880	- 1.7	8.5
Thornton Preference Inc	1032	1146	1785	2259	2.2
SECTOR AVERAGE	1032	1080	1417	2123	2.0

	1 year	3	5	10	Volatility
Pembroke Equity Income	1086	1331	1698	2576	2.9
Marlin Currie Int'l Income	1089	1388	1881	- 3.2	3.7
GT International Income	1088	1204	1971	2715	2.7
M&G International Income	1054	1184	1816	2579	2.7
GEM Dolphin Int'l Gilt & Income	1034	1183	2172	2147	3.1
SECTOR AVERAGE	1054	1188	1741	2286	3.0

	1 year	3	5	10	Volatility
Baring Global Bond	1007	1148	1643	- 1.8	6.5
Thornton Dresden Europe Bnd	1043	1130	-	- 1.6	5.7
Barclays Uni European Bond Inc	1065	1128	-	- 1.3	6.8
Mercury Global Bond Acc	1029	1107	1561	- 1.7	5.7
TSB International Income Incm	1022	1103	1423	- 1.8	4.7
SECTOR AVERAGE	1010	1086	1420	1700	1.9

	1 year	3	5	10	Volatility
Newton Intraday	1053	1411	-	-	1.7
Bank of Ireland Ex Mgd Growth	1079	1352	1870	- 2.8	3.1
NPI Worldwide Income Inc	1118	1345	1829	- 2.9	1.4
Gartmore PS Long Term Balance	1120	1335	1847	- 3.0	3.1
Cassanova Portfolio	1079	1319	1784	- 2.8	2.3
SECTOR AVERAGE	1058	1203	1614	2734	2.7

	1 year	3	5	10	Volatility
Prolific Extra Income	1098	1322	1721	2988	3.0
Balfour Gifford Conv & General	1016	1292	2030	- 3.0	5.2
CU PFT High Yield	1104	1226	1824	3003	3.4
Edinburgh High Distribution	1068	1226	1397	2448	3.7
Cazenove UK Equity & Bond	1043	1212	-	- 3.8	6.2
SECTOR AVERAGE	1037	1142	1504	2420	2.9

	1 year	3	5	10	Volatility
Prolific Technology	1121	2182	4288	8247	5.9
Framlington Health	1294	2002	2549	- 6.4	4.1
HT Global Technology	983	1820	2577	5473	5.5
Scott Equitable Technology	1092	1617	2339	4658	4.0
Singer & Friedlander GI PEP	1075	1551	-	- 1.2	6.8
SECTOR AVERAGE	1061	1247	1730	2514	3.6

	1 year	3	5	10	Volatility
International Growth	1086	1349	1715	9	5.4
Fleming Enterprise	986	1349	1715	9	2.7
Broadgate	1128	1289	-	- 9.4	1.5
Kleinwort Endowment Policy	1230	1261	-	- 3.1	5.1
Ivy & Sime ISIS	1326	1222	-	- 23	4.9
Welsh Industrial	1111	1217	1917	27	9.1
SECTOR AVERAGE	1154	1267	1816	- 5.4	2.3

	1 year	3	5	10	Volatility
Smallcap FT-SE 100	1414	2183	2989	- 1.7	0.7
Henderson Strata	1393	1853	2195	- 4.8	0.4
Perpetual UK Smaller Cos	1236	1881	2142	- 5.0	0.4
Gartmore Smaller Cos	1000	1532	2169	- 5.0	0.4
SECTOR AVERAGE	1109	1188	1881	- 4.1	1.6

	1 year	3	5	10	Volatility
Mercury Recovery	1186	1400	2100	2692	0
Fidelity European Values	1182	1598	-	- 5.0	0.8
Gartmore European	1212	1577	2451	- 2.7	0.8
Fleming European Pledging	1289	1578	2016	5	0.4
Merita Capital European	1235	1521	1807	5	0.6
SECTOR AVERAGE	1207	1513	2235	- 5.0	1.6

	1 year	3	5	10	Volatility

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Weekend FT

Eternal divide in the thrice Holy City

The violence of the past week is but the latest chapter in a millenarian conflict with its origins in scripture and statehood, says David Gardner

If I forget thee, Oh Jerusalem, let my right hand lose its strength.
Psalm 137

Jerusalem is our heritage as much as it is yours. It was from Jerusalem that our Prophet ascended to heaven, and it is in Jerusalem that the angels assemble.

Letter from Saladin to Richard the Lionheart

Jerusalem is much more than a Berlin, or a Belfast, or a Beirut, or any other city divided by ideology or theology. The thrice Holy City, sacred to Jews, Moslems and Christians, is built on combustible myth. National ambition and religious tradition have collided through the millennia. The symbols – synagogue, mosque and church – dominate the skyline and yet are submerged by the tides of conflict and violence.

The late 20th century phase of the contest began when Israel took over Arab east Jerusalem in the 1967 Six Day War. Israelis regard the entire city, *Yerushalayim*, as the indivisible and eternal capital of the Jewish state. That view of the history begins and ends with the Old Testament. What matters is that, according to the second Book of Samuel, King David made this "fortress of Zion" his capital around 1000BC. It is not relevant that only Zaire, El Salvador and Costa Rica recognise any part of Jerusalem as Israel's capital.

The Palestinians are equally determined that the east of the city they call *Al Quds* will become the capital of their independent state, which will occupy only a portion of their ancestral land – the West Bank and Gaza Strip. Their national ambition is supported by other Arabs and complemented by the spiritual aspiration of the world's 1.5 billion Moslems in the importance

of Jerusalem – and hand over the Israeli-occupied Arab east of the Holy City to the Palestinians.

Without Jerusalem, the "Palestinian Question" would not be what it is: the heart of the Arab-Israeli conflict. Without Jerusalem and its overlay of religion and myth, the Palestinians would probably command little more international concern than other peoples without a state in the region, like the Kurds or the Armenians. Jerusalem is also too important for Arab leaders, habituated to intra-brotherly intrigue and squabbling, to disagree over.

Joe Rogaly



Politics of health is a killer

No political party dares attack the existence of the NHS but its decline will continue

Here is a nice little question. Which country spends a greater share of its gross domestic product on taxpayer-funded health care – the US, or Britain? Tricky. This is money the government controls. Answer: the US, at 6.2 per cent, against the United Kingdom's 5.8 per cent. The closeness of the figures is not really surprising. The European Union average is precisely 6 per cent, a silver above the level for the entire developed world.

The catch, of course, is the difference in spending on privately financed medicine. Individual patients, meeting bills themselves or through private or company insurance, account for a mere 1.2 per cent of Britain's GDP. The equivalent ratio for the EU is 1.7 per cent. For the OECD – the industrialised countries – it is 4.5 per cent in the US. It is a startling 7.8 per cent.

Enough statistics. I have pinched the ones rehearsed above from a chart published this week by the independent Healthcare Associa-

tion, of 22 Little Russell Street, London WC1A 2HT. You will not be amazed to hear that this interest-group reminds us that there is no realistic prospect of a "massive" increase in state spending on health in any of the rich countries.

About a sixteenth or so of GDP seems to be the ceiling, if the calculations behind the chart, based on a 1995 OECD health database, are correct. Against that, the association's pamphlet says: "spending by consumers in search of quality and choice could grow substantially".

Listen to the noise coming from doctors as they read that. What noise? It is their slavering at the mouth. The slurping sound is even louder when you press your ear to the boardroom doors of the big healthcare corporations. Yes, yes, I know the objection to such ranting, which just came over me all of a sudden. The market rules. Patients who pay bills directly are consumers of a service, as important as any customer anywhere.

Maybe, but they are also

potential suckers. Just one more test, says the physician, one additional complaint you never thought of when you came in. It goes on the invoice, adding to the doctor's income. You pay your money and white-coat makes your choice.

That is the principal argument in favour of Britain's National Health Service. The system is fair, if you close your eyes to the ability of good earners to buy themselves earlier treatment in more congenial surroundings than those that are endured by patients who cannot afford anything else.

Let us eschew cynicism, if only for a moment. Taxpayers provide the wages of practitioners and nurses: NHS patients are treated free at the point of provision. Rationing is determined according to criteria other than the income of the sick individual. The result is imperfect, but effective. You may have to wait. Attention may be impersonal. Accommodation may be spartan. In the end, most patients get adequate care.

This could explain why in

Britain the number of subscriptions to private medical insurance, which tripled during the 1980s, has not risen much during the 1990s, although there are signs of a pick-up now. Another explanation might be the recession, and corporate penny

ish settlements to separate east Jerusalem from the West Bank, and settling the issue of the eternally divided city.

Just after Israel occupied east Jerusalem, the state's founding father, David Ben-Gurion, initially wanted to demolish the Ottoman-built wall ringing the old city to preserve its Islamic heritage – rather as the Roman emperor Hadrian obliterated Jewish Jerusalem and the (Christian) Byzantines used Temple Mount as the city rubble dump.

Subsequent Israeli governments, whether led by Labour or Netanyahu's

Likud, have been less dramatic, but more effective. In essence, they have used housing and zoning policy, and discrimination over residence permits, to create a Jewish majority in the eastern quarter and make it impossible for Arab residents to build enough to house their expanding families.

Jerusalem's mayor, Ehud Olmert, says Jews will constitute a majority in the annexed areas by the end of this year. By Palestinian reckoning, that target was passed in 1994, with Jews in the east now numbering 185,000 to 150,000 Arabs.

Ariel Sharon, the extreme right-wing general who, as housing minister in the last Likud government, spearheaded the drive to build Jewish settlements on Arab land and who has returned under Netanyahu as infrastructure minister, has explained in detail what his policy was and remains.

He has defined the problem as "how to bring Jerusalem to have a Jewish majority for ever". The solution was to expropriate Arab land and encircle east Jerusalem with four big clusters of settlements – Givat Ze'ev north of the city, Ma'ale Adumim to the east, and Efrat and Gush Etzion in the south and south-west – looming from the hills over the Arab villages like modern Crusader castles. These are the main building blocks which will permit the Likud-led coalition to enclose east Jerusalem. As Sharon wrote: "In Jerusalem we built and created facts that can no longer be changed; we did it openly."

Under Labour, there was a freeze on new settlements as part of the Oslo peace process with the PLO. This did not extend to the settlements of "Greater" or metropolitan Jerusalem and overall, the number of settlers on Arab land under the Labour peacemakers expanded almost 50 per cent, according to the settler publication *Nekuda*, from 105,940 to 151,324.

Since taking office, Netanyahu has quipped that he can hardly be expected to do less. But the clearest decision he has made is that he will not honour Israel's international commitment to negotiate the future status of east Jerusalem with the Palestinians. Under the US and Russian-backed Oslo agreements of 1993, which give the Palestinians interim self-rule in parts of the West Bank and Gaza, the two sides between now and May 1999 should conclude "final status" agreements on Jerusalem, Palestinian statehood, borders, and the rights of more than 4m Palestinian refugees.

Likud leaders routinely say that they will never assent to a Palestinian state, so there is no point in discussing east Jerusalem as its capital.

Sharon and cabinet allies such as interior minister Eli Sussa – a religious fundamentalist who controlled Jerusalem building policy under Labour – goes further. Last month Sussa said Israel would annex the settlements ringing Jerusalem, cutting off the east from its West Bank hinterland. Netanyahu has as yet said

Continued on Page II



The symbols – synagogue, mosque and church – dominate the skyline but are submerged by the tides of conflict

Photo: Times

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The international arts guide has had to be cut into eight this week

CHRISTIE'S

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PERSPECTIVES

ID Hair Design is the only hairdressing salon in Newcastle castle where you can get a really good honey. Ian, the proprietor, is proud of his bees and particularly of their uncanny ability to find their way back home.

Even when Ian takes the hive on holiday in the wilds of Northumberland, the bees have no difficulty navigating a course back to the hive.

Research on animal navigation covers species from the ant to the whale. Some scientists follow individual Sahara desert ants, plotting their course in a notebook. Others use satellites to track whales through the ocean. The need to understand the movements of commercially important species means that substantial funding for work in this area is forthcoming.

Individual scientists are driven by the urge to understand how animals' navigation equipment works. Julian Metcalfe, a Minis-

The Nature of Things

On the trail of animal navigators

Andrew Derrington looks at the abilities of some creatures always to find their way home

try of Agriculture scientist who tries place with data-logging equipment to follow their annual migration up and down the North Sea, says: "There's a lot of debate about whether they use vision, smell or a magnetic compass. As soon as you knock out one of these mechanisms others may take over," he says.

In fact, the bee's navigational abilities are unremarkable by animal standards. The trick it uses to return to its hive in an unfamiliar location is called path integration. Like many species, the bees have a compass and an odometer so they can measure length and direction of each leg

of an outward flight. By keeping a tally, bees always know the direct route back to the hive.

Path integration is difficult to study directly in bees, says Tom Collett of the University of Sussex. They are too fast to follow and are too small to carry remote tracking equipment. Saharan desert ants, which make long meandering foraging expeditions on foot and then return directly to the nest are much more amenable.

Proof that ants use path integration to calculate their return route comes when a sneaky experimenter moves the home-ward bound ant a few metres off

its track. The ant continues walking in the same direction and for the same distance it had calculated, missing the nest by exactly the same amount that it was displaced. Only when it reaches the end of its calculated journey home does it try to use visual landmarks to guide it back to the nest.

The ant and the bee both use a compass that depends on the pattern of polarization in daylight. Light from each direction has been bent a specific amount by the atmosphere polarising it in a particular way. Both the ant and the bee have a special set of eye facets that detect the pattern of

polarization in daylight. These facets give the biggest response when the insect is aligned with the solar meridian.

Characteristic errors in navigation that happen when the insect can only see part of the polarization pattern have allowed scientists to work out the details of the polarization compass. The odometer has been more difficult to understand. For a long time scientists were confused by early results suggesting that distance was calculated by the amount of energy used on the journey. However, neither ants nor bees overestimate distances when loaded with weights.

Now it is clear that in both cases it is the optic flow - the movement of patterns across the eye as the insect walks or flies through the world - that tells the insect how far it has moved. When ants walk on a transparent floor overlaying a patterned carpet, moving the carpet along with the ant to reduce the optic flow causes it to underestimate the length of its journey.

When bees return to the hive from a food source they do a dance to signal the direction and the distance to the food. Harold Esch and John Burns at Notre Dame University, Indiana, put a beehive on top of a skyscraper and trained the bees to fly to a feeder on top of another tall building. Because they flew high over the ground the optic flow was much less than when they flew the same distance at ground level. As predicted, when they danced on return to the hive on top of the skyscraper, the bees signalled a much shorter distance than when they flew the same distance at ground level.

Esch and Burns also trained bees to fly to a feeder suspended from a balloon. When the balloon was raised to a higher altitude, reducing the optic flow but increasing the energy needed to fly to the feeder, the bees signalled a reduced distance.

Quite apart from their scientific importance, these findings will be good news for beekeepers looking for novel holidays. It seems that sightseeing in New York, or hot-air ballooning would both be possible.

■ The author is professor of psychology at Nottingham University

Stephen and Kerry-Jane Martin spent three weeks travelling around Poland investigating the possibility of starting up a furniture importing business to the UK.

But it was their growing pile of washing that provided the inspiration for their first business venture together. Kerry-Jane searched for the nearest launderette but could find nothing resembling a western one, even though many people lived in huge tower blocks with little space or money for their own washing machines.

The couple saw their opportunity. Five years on, they run six dry-cleaning shops, have eight agents, several industrial contracts and takings last year reached £294,733.

Stephen, 40, a former commodity broker and management consultant, had been made redundant in March 1991, from his job as director of a Midlands-based management consultancy. Kerry-Jane, 30, worked as a political lobbyist but the two were keen to work together on their own ventures.

A friend who had gone to Poland with a school party returned full of enthusiasm and recommended a visit. Stephen remembered: "We went out with the idea of buying a product, such as furniture, and importing it into the UK as a nice, simple business venture. But so many of the things we looked at were just too badly made.

"After we had the launderette idea, a contact we knew carried out a survey for us of 1,000 people in Lodz, Poland's second city, and the response was very positive.

"It seemed a terrific plan and we thought we were going to be millionaires in three years," he said wryly.

They returned to England and approached the chief executive of the commodity company Stephen had worked for and he agreed to invest in their idea.

The couple set up a Dutch holding company with £100,000 capital, 90 per cent from their investor and 10 per cent from their savings, and called it East European Holdings. This became the parent company of their Polish limited liability company Luxomat, of which they are both directors. Once in Poland, the company provided them with a rented house in Warsaw, a car, flights home and a basic salary.

Stephen said: "We learnt about the launderette business as fast as we could and bought the best equipment from Belgium and America. We gave up our rented house in England and returned to Poland with our two dogs in September 1991. We took on a full-time assistant/translator and found premises in Warsaw in a very good tower block area where there were 250,000 people living on top



It's in the bag: Stephen and Kerry-Jane Martin who run a cleaning business in Poland

Minding Your Own Business

Cleaning up in Poland

Grania Langdon-Down on the trials of going to work in eastern Europe

of each other.

"This building was going to be the first western-style launderette in Poland and we wanted it to be our super flagship which we would then replicate all round Poland."

It was opened in June 1992 by the Irish ambassador and featured on television. During the first week, they offered a special deal and the local people were very enthusiastic. "It was all music to our ears," said Kerry-Jane. The couple had an office in the basement, just under the water pipes. They began their second week expecting to hear water gushing through them - but they heard not a drip. The launderette stayed open.

"We discovered just how many-minded the Poles are. They often have a mother or grandmother at home during the day to do the washing, and are distrustful of outsiders. So the idea of sitting around in a launderette had a western cachet and so the shop signs now announce they are The British Dry Cleaners. "The difficulty is the people using them expect a superior service because it

is western but do not expect to pay more than for using their old local service which left their clothes smelling of old cabbages," Stephen said.

Turnover for their first two quarters trading in 1992 was £15,889. The following year, takings reached £26,500. Turnover doubled to £174,161 in 1994 and again in 1995 to £234,733. Taking in

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PERSPECTIVES

Lunch with the FT

The dessert trolley passed by unnoticed

Lucy Kellaway tries to tempt a slim Lord Lawson

So there I was last Tuesday lunchtime at London's Savoy Grill, offering Lord Lawson some advice on cosmetic surgery. The problem with losing five stone, he had admitted, is that his skin is now too big for him. "It gradually adjusts but at my age it won't adjust totally. I haven't had anything done about it yet. I may or I may not, I haven't decided."

I looked at the loose skin under his chin and counselled him against a cut and tuck. Just imagine the figure of fun he would become. Just think of the newspaper headlines. "Perhaps you are right," he said. "I think I will take your advice."

Had you told anyone 10 years ago that the then chancellor, famous for his arrogance and his fatness, would be reborn as a thin man, the author of a diet book, who weekly takes advice on personal matters from a journalist, you would not have believed it.

And you would have been right to be sceptical. In terms of bulk, Lawson is two thirds the man he once was, but in terms of personality he has not changed one bit.

I had met him a year earlier at a dinner for writers of the FT Lex column and, on that occasion, he had seemed wearied by my attempts at small talk. He had also looked terrible, with skin yellow and crumpled like that of a tortoise; one could not say that the weight loss suited him.

Still, on Tuesday he was in excellent form and looking better, older but spry. "My favourite thing is grouse, and there is no better grouse than at the Savoy Grill," he

said cheerfully.

In an attempt to provoke him, I ordered a fattening dish of fried fish cakes with potato ratatouille. But nothing doing: his full attention was fixed on the wine.

"Can I have something really good?" he asked. He had to mind a 1989 Chateau Kirwan at £27.10 a half bottle; I asked how much the next one down was. There seemed to be a wine which he was prepared to drink at £23.65, but not wanting to seem mean, I told him that he would have to make the

"People have an image of me and if I don't conform they feel uncomfortable

choice himself. "Well, if it won't get you into trouble."

"So tell me about yourself," he said, once the waiter had been despatched. I talked. He listened charmingly.

But before long we got down to the serious business of discussing diets, and *The Nigel Lawson Diet Book* in particular.

"Did you enjoy it, may I ask?" he inquired.

I muttered something about me not being his target audience, but said I admired its length, a mere 120 half-sized pages of which he had written 60 and his wife the rest. "It is a limited subject and only requires a short book," he said, coming to me some of the psychological tricks

His grouse arrived and he

described in the book that make the discipline of a diet less difficult.

However, his most effective "trick" seems to have been in marrying Therese Lawson. When he decided to diet, he gave her a list of acceptable ingredients and she drew up some delicious menus. A typical dinner chez Lawson might be a rack of fat-trimmed lamb, roasted *a poêle* with ginger, a strongly flavoured *jus*, and steamed spinach with lemon. I remarked that the diet might work less well for those of us for whom a typical dinner is microwaved lasagne.

"The principles can be applied by anyone, but it may not taste quite so good," he insisted.

Over our first courses – his a marinated salmon with an anything but innocent looking sauce – we got on to the ticklish matter of his changed appearance. "People are extremely disconcerted," he explained, "because they have an image of me and if I don't conform to it they feel uncomfortable. You know inside you are the same – but there is a mismatch with other people, who think you must be different. I think that happens with the ageing process too."

I was glad it was he who brought up ageing, so without seeming rude I could say that losing weight makes you look older.

He gave me a fixed look. "At first I may look older, partly because my clothes didn't fit me," he replied. However, so many people asked him if he was ill, that he started to fret. "I was worried, so I went to the doctor for a thorough health check."

His grouse arrived and he



Nigel Lawson: the heavyweight politician



Nigel Lawson: now two-thirds of the man he was. Picture: Universal Pictorial Press/Trevor Humphries

was poured some wine. He gestured for a brief silence while he tasted it.

Does he expect his diet book to outsell *The View From Number 11*, his heavyweight political memoirs, I asked. "Nobody in their right mind, first of all," he said, easing himself into a lecture. "Judges the merit of relative books by how much they sell. My ambition with my memoirs was to write something that would be of lasting value. I would hope

that it will still be read long after I'm dead. But I wrote this book because it was meeting what appears to be a demand, and it was some demand I could do jointly with Therese."

Still, how would he feel if this book was so successful that he went down in history as Nigel Lawson, the man who lost the weight?

"If I thought that was the only thing I'd be remembered for I'd feel disappointed."

A trolley of deserts was wheeled past. "A double espresso," he said, as if he

had been saying that all his life.

The waiter poured another half inch of the wine into Lawson's glass.

"If you put the rest in the glass I can calibrate – coordinate – how much is left with the food." The waiter was at a loss, so Lawson explained more directly that he wanted all the wine poured out. "Thank you. Excellent."

"A trolley of deserts was wheeled past. "A double espresso," he said, as if he

had been saying that all his life.

Still, he had had a good meal – rather better than mine – and the only things he had refused were bread, bread sauce, and the dainty little crisps with the grouse.

So what is your next book going to be, I asked as I put my credit card on top of a bill for £14.45p.

"I don't want to say anything now," he said in a tone familiar from years of fending off questions on BBC

Radio 4's Today programme. "I wouldn't want to tempt providence."

The meal over, I took him to meet the photographer. "I hate having my photograph taken," he complained. Was that because he doesn't like how he looks, I asked.

No, it turns out that if you are Lord Lawson you can teach yourself to change the eating habits of a lifetime. But you can't teach yourself to hold a convincing smile.

parked in the square. The most popular permanent venues in town are the dingy "King's Pub" and an equally insalubrious dance hall next door.

The Home Rule government has a sanguine approach to outside influences – and the social problems. But both Emil Johansen and his predecessor as premier have publicly admitted that the drinking problem is a factor. The reward has been a significant reduction in alcohol consumption.

The authority believes greater self-sufficiency in the economy is the key to greater independence and a more stable society.

But Greenland's economy has suffered badly in the past two decades from an unlikely alliance between nature and western environmentalists. A 2°C cooling of the seas around the island has devastated the cod stocks, once plundered for an annual catch of up to 500,000 tonnes – now at 15,000. Meanwhile, the campaign by Greenpeace against seal hunting has all but destroyed markets for seal skins – on which many communities relied for cash income.

The reality seems to be that Greenland will rely on the largesse of the Danish taxpayer for many years. But the sense of identity will not disappear.

"I think we are now very much aware of our own identity," says Marianne Jensen. "The moment we lose our awareness, then why should anyone want to live here any more?"



Cold and hostile land: in spite of its name, Greenland has no trees and is covered by an immense ice cap

nature," says Lars Emil Johansen, the country's prime minister.

The first Inuit came to this hostile place 4,500 years ago. They are an Asian people who migrated originally from Siberia, to Alaska, across the northern territories of Canada, to Greenland.

Nowhere does the average daily temperature rise above 10°C; in winter, it can hit -50°C. "To understand Greenland you have to understand the power that dominates us:

A band of redoubtable Vikings arrived in the late 10th century, when the climate was milder. The best explanation for Greenland's perverse name is that the Viking settlers wanted to encourage more of their kin to follow them across the northern Atlantic, so they gave the land an attractive name. But the Vikings disappeared after 500 years, leaving

the Inuit to themselves until the Europeans returned in the 18th century.

The Inuit never conquered

the cold and the ice, but they learned to survive in it with remarkable tenacity and ingenuity. The watershed came during the second world war, when the US built air force bases, opening the country to regular traffic for 1,000 years, leaving

America. Over the next 30 years, the traditional reliance on subsistence hunting diminished, to be replaced by an increasing reliance on Danish welfare.

"Until the 1950s, Green-

land was a hunters' society.

People really were living in igloos," says Marianne Jensen, the health minister.

Since Home Rule in 1979, a

gloomy cycle of dependence

has been broken, replaced by a determination by Greenlanders to take charge of their own future. "Home Rule is not an end in itself," said Premier Emil Johansen. "We want to be independent as possible."

In 1985, the Home Rule authority organised a referendum and Greenland voted to leave the European Community. Today, the authority is pushing for a greater say in the use of bases by the Danish armed forces – and the one remaining US base in the far north-west.

But the extent of dependence on Denmark is still enormous. Greenland would collapse without an annual subsidy from Copenhagen of DKK3bn, accounting for more than 60 per cent of the authority's budget and more than 40 per cent of Greenland's gross national product. The relationship remains deeply ambivalent on both sides.

The evolving culture of post-colonial Greenland has, like its politics, many outside influences. In spite of the recent revival of traditional Eskimo drum dances, tales of ancient spirits and the evocative sculptures and paintings of whales and seals, most of the local population looks elsewhere for entertainment.

"Until the 1950s, Greenland was a hunters' society.

People really were living in igloos," says Marianne Jensen, the health minister.

Since Home Rule in 1979, a

gloomy cycle of dependence

is a more central site.

A spa heritage trail will be established. "Sadly our spa water will remain unused for bathing," said Dennis Stanley, economic development officer for Warwick district council.

The four central Welsh spa towns, Llandrindod Wells, Llanfairfechan, Llanymynech, and Builth, which have not offered baths in natural spring water for many years, have commissioned a report from the Deloitte and Touche consulting group on ways in which they might revive their spa culture.

Spa researcher and author John Harcup says: "In my view you should go to a spa for weeks, not hours. This is something that is recognised in the rest of Europe but sadly not in UK."

The decline of the great British spa

Clive Fewins looks at schemes to revive interest in 'taking the waters'

This is the Year of the Spa and the British Spas Federation is celebrating its 75th birthday. If celebrate is the right word.

For since 1921, when the federation was formed, the history of British spas has been more one of decline than progress. Bath, Buxton, Leamington, Tunbridge Wells, Cheltenham, Harrogate, Malvern – all have seen closures of spring water baths and the decline of the sources that originally drew people there.

Contrast their state with other European spa towns. In several countries citizens are entitled to low-cost state subsidised spa holidays lasting up to three weeks providing they are referred by a doctor.

In British spa towns many of the magnificent Victorian buildings that once housed the spa treatment rooms are in a state of advanced decay.

During this anniversary year the federation has been trying to publicise some of the spa buildings in an attempt to reverse their decline.

A good example can be seen at Woodhall Spa in Lincolnshire, which this weekend stages a festival which the spa federation hopes will spearhead the revival of much of the "spa culture" that thrived there before the first world war.

In 1983 the spa centre,

with its water treatments, physiotherapy department and rheumatism clinic was closed when several buildings began to collapse.

They remained derelict until 1988 when the complex, with its ornate Victorian brick pump featuring a magnificent pine roof, was bought by Mostafa Ezzat, an Egyptian doctor with an ambitious £400,000 scheme to revive the spa centre. He has already started converting some of the former office space into new treatment rooms, and hopes to re-dig the well.

"We hope to have the complex at least partly operational again by summer."

In Buxton there is a similarly ambitious scheme. There, developer Stephen Weeks has applied for three separate tranches of National Lottery money and is hoping to start work on a £6.5m scheme to revive the

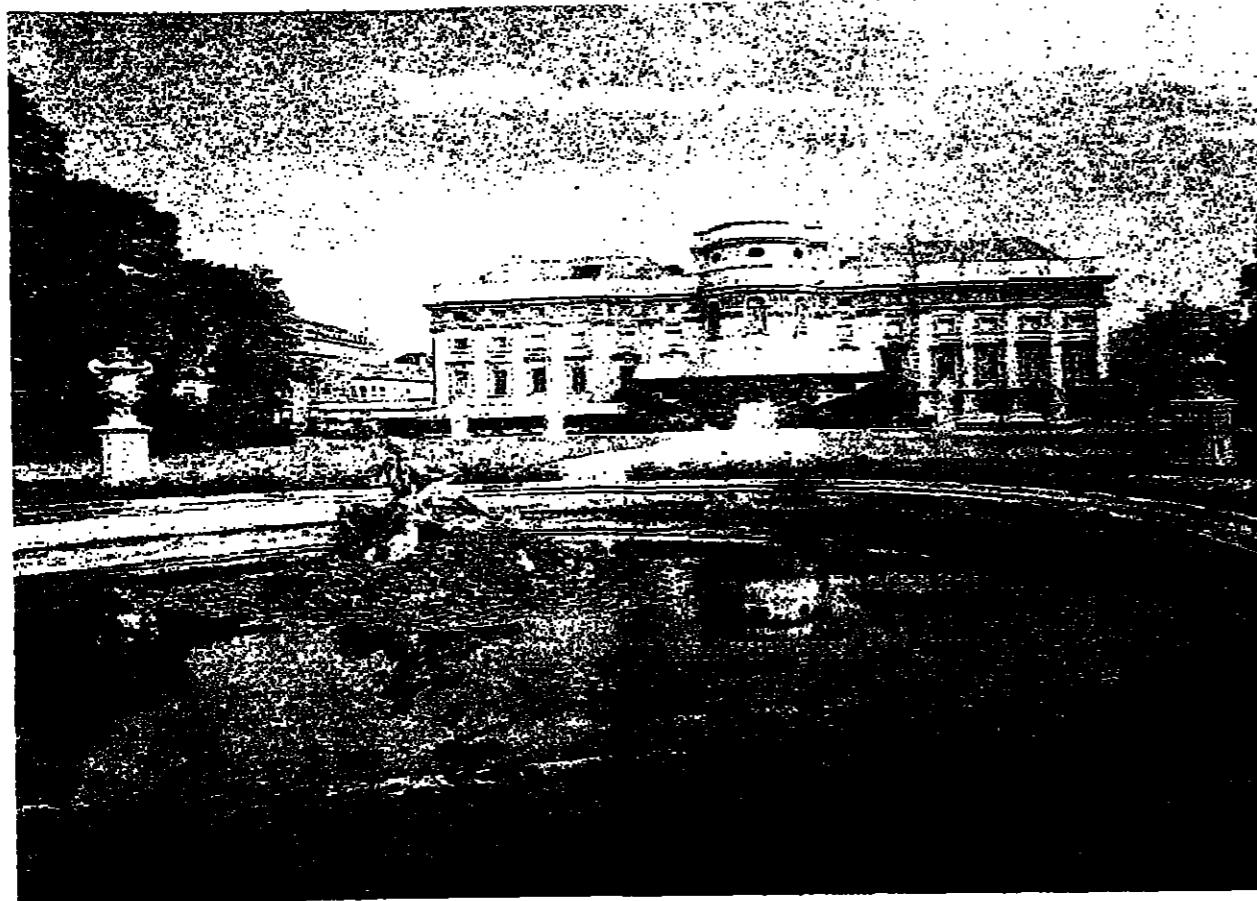
original spa buildings early next spring.

"For many years Buxton has operated successfully as an inland resort where cultural and physical well-being go together," he said. "How ever it is more than 20 years since the natural baths closed.

"We plan to pump the water from the Roman source, which still exists deep underneath the centre of the town, to the pump room across the road which has not been used for its original function since 1961."

The Bath and North-East

FOOD AND DRINK



Vienna: the city has a wealth of old world charm of which the Hotel im Palais Schwarzenberg is a part



Berlin: until recently the city's hotels have been dire, but in 1991 the Sauter family opened the Brandenburger Hof in the centre

There was always a stark contrast between Vienna and Berlin. Vienna was the former capital of the Holy Roman Empire: idle, fun-loving, ostentatious aristocratic and Catholic. Berlin was the challenger, the capital of the German Reich: industrious, Spartan, *arriviste* and Protestant.

The contrast has become more acute since the second world war, because Vienna, although visibly mauled by the bombing, has remained recognisably Vienna. Berlin, on the other hand, was largely wiped out, and both the bombs and the political solution imposed on its ruins robbed it of almost all the trifly bits which softened its Prussian austerity.

This polarity is obvious from the cities' hotels. With one or two exceptions Berlin's are modern, businesslike and untempting.

Feasting in Berlin and Vienna

Two of Europe's greatest cities provided Giles MacDonogh with a sharp gastronomic contrast

Vienna, on the other hand, retains a wealth of old world charm: the Imperial, Sacher, the Bristol, and the only hotel in either city which is literally a palace: the Hotel im Palais Schwarzenberg.

There cannot be many places like the Schwarzenberg anywhere. It sits just behind the Schwarzenberg Platz, smack in the centre of the city, with its own 20-acre private park, making it a little like Buckingham Palace. The comparison is not so far-fetched. The Schwarzenberg family with its enormous landholdings in Bohemia, was one step from royalty.

It bought the late 17th century building by Lukas von Hildebrand in 1716 and

employed Johann Bernhard Fischer von Erlach to turn it into the grandest nobleman's residence in the city.

A bomb lopped off the dome in the last war, but

the decision to open a small hotel in the palace was taken in 1962. At first the hotel operated on a modest scale, but successive enlargements have turned the whole of the central part of the palace over to the hotel and pushed the family into the wings. There are now 38 rooms and suites, the best of which look out over the formal gardens.

The Palais Schwarzenberg is also one of Vienna's very best restaurants. The style is more self-consciously French than its chief rivals: Steirerck, Altwienerhof, or the Korsos restaurant in the Bristol. It also has the advantage of its location. In summer you sit out on the terrace

and can imagine that you are anywhere other than the centre of a big city.

I ate there in June: a salad of crayfish and cucumbers with a (slightly rubbery) potato mousse; a chilled potato soup flavoured with spring onions and smoked salmon; a grilled skate wing with coriander and capers; venison medallions with local Marchfeld asparagus and wild garlic ravioli (which was a mite less exciting than it sounds); and a buttermilk mousse strewn with summer berries.

As I have said, Berlin does not have this style, but it does have a no-nonsense informality which many people find more refreshing.

Until recently, Berlin's hotels have been dire but in 1991 the Sauter family opened the Brandenburger Hof in a 19th century *Mietshaus* in the very centre of west Berlin.

It was the first luxury hotel in the city since the war to try to recreate a specifically Berlin style. As such, it was the first hotel to acknowledge the city's new status after the end of the cold war. The building was in a sorry state and the stucco work on the facades, as well as the interiors, had to be completely redone.

The result is stripped down, but elegant, with simple white interiors picked out by some good portraits

with a Panang curry sauce and a mixture of diced artichokes and potatoes; and, finally, a black and white chocolate mousse "mosaic" on thin slices of mangoes.

The more oriental side of Heisig's vocabulary had been toned down and replaced by a few eclectic touches which I think was a step in the right direction.

There was no concession made to Brandenburg or local produce whatsoever, which I thought was a rather pity. If anything the effect was rather baroque, indeed, almost Viennese.

■ Hotel im Palais Schwarzenberg (49 1 796 45 15). Room prices start at Sch 2,900 (E175) for a single room on the courtyard. The garden side costs more. Meals Sch 1,000 with wine.

■ Hotel Brandenburger Hof (49 30 214 00). Rooms from DM275 (E115). Meals from DM150 with wine.

Bounty from the garden of France

Sue Style rediscovers the flourishing and innovative produce of the Loire valley

Little wonder that the Loire valley is known as the garden of France. Vines have been planted since Roman times in Vouvray and Montlouis, Chinon and Bourgueil.

Vegetables flourish in the fertile alluvial soil left by the Loire river, which slides gently by on its sandy bed. Orange-fleshed melons - brought there from Italy and greatly esteemed by John Evelyn when he visited Tours in 1644 - tumble about the fields.

Greengages (known in French as *reinettes-claudes* in memory of Queen Claude, François I's child bride, who planted them lavishly at Blois, back against the warm white stone of beautiful old walled gardens).

This is the home of the Bon Chrétien pear (alias Williams or Bartlett), another Italian import first planted at Plessis-les-Tours by the good Christian St Francis of Paola for his royal master Louis XI.

In the spring, asparagus spears thrust their way up through the light sandy soil and early potatoes are dug for prompt dispatch to Rungis, Paris's central market. Even mushrooms have found their feet here: 80 per

Villandry is a must for all enthusiastic gardener-cooks

combined both French and Italian monastic influences.

The design was meticulously chronicled by one Androuet du Cerceau - a merciful piece of foresight, for 19th century "improvers" unfortunately went to work on the gardens, obliterating all traces of its splendid Renaissance past and relaying it as an English-style park.

In 1906, Joachim Carvallo, a Spaniard, came to the rescue (featured in Weekend

FT, August 10, completely reconstructing the gardens using du Cerceau's original descriptions as his guide.

Twinned with Hatfield House, Villandry is a must for gardener-cooks - except that one is apt to be torn between finding it utterly inspirational, and completely daunting in its perfect symmetry, artful composition and weedless perfection.

Seven gardeners work all year, hand-clipping the box and yew hedges which enclose the beds, pollarding the lime trees (1,250 of them) and grapevines which line the terraces, pruning the espaliered pear and apple trees that surround the kitchen garden, and raising, planting out and tending to the 60,000 bedding plants and 85,000 vegetable plants that are needed each year.

Olivier de Serres, the distinguished 16th century French agronomist who gave his name to the French word for a greenhouse, said: "It is desirable that gardens should be able to be viewed from above, either from the neighbouring buildings or from raised terraces around the beds."

At Villandry the pure and marvellous symmetry and interplay of colours and textures

can best be viewed either from the top of the castle keep or from the terraces set above the parterres.

Red-legged ruby chard, purple curly ornamental cabbages, green-fronded carrots and golden pumpkin globes are arranged in nine equal-sized (but differently composed) beds set about by manicured box hedges no more than a hand high. At the corner of each bed is a standard rose, symbolising a monk standing guard over his little patch of the monastic garden.

Bardet is a cook of immense talent, a considerable wine taster, and an unreconstructed cigar smoker - with wine (he recommends the marriage of a Rey del Mundo with a Gewürztraminer). He is also a vegetable magician.

Another pilgrimage site for gardener-cooks visiting

the Loire is the Hotel-Restaurant Jean Barde in Tours. The Barde bought the property (formerly the Parc Belmont, an elegant 19th century house set in several acres of park land) in 1987 and transformed it into a restaurant of world renown (two Michelin stars) and a classy hotel.

The sunny, primrose-yellow dining room open out on to a patio with tables and chairs for pre or post-prandial supping. Beyond this is Barde's pride and joy: the kitchen garden.

There, under the watchful eye and green fingers of gardener Stéphane Gailliac, he has fun experimenting with different varieties of tomato (42 this year): at least 200 different herbs (pineapple sage, variegated lemon thyme, basil sacred and profane, purple and curly green lettuces and chicory, galore, peppers and chillies, gaudy beans and unexpected shapes, and

the sunny, primrose-yellow dining room open out on to a patio with tables and chairs for pre or post-prandial supping. Beyond this is Barde's pride and joy: the kitchen garden.

The secret of success is to put together in the kitchen those products which grow happily together," he says.

"In my garden, lavender is

growing at the foot of an apricot tree. Tuck a grain of

lavender inside each apricot and you get a delicious jam."

I took back this counsel and tried it out for myself. Won-

derful.

Cookery
The tomato glut

A light dish designed to take advantage of the tomato glut that we are currently enjoying in England.

TOMATO GRATIN WITH SPINACH AND DILL

(serves 4-5)

An interesting mix of flavours, subtle yet rich, this is an attractive accompaniment for simply steamed or poached fish or chicken, when it acts as both vegetable and sauce, it can also be cooked and served in individual *oeufs sur le plat* dishes for a first course.

250g fresh spinach; 500g ripe tomatoes; a small bunch of dill (enough to give

2 good sprigs plus 2 tablespoons or so chopped dill); 1 medium tub (284ml) pouring double cream; 2 tablespoons slightly stale ciabatta bread-crums; 2 tablespoons freshly grated Parmigiano cheese; a small nugget of butter.

Scald the cream with a couple of sprigs of dill and simmer until reduced by one-third to half. Wash the spinach, steam it, squeeze it dry and season it with salt and pepper. Skin, core and slice the tomatoes thickly.

Spread the spinach over the base of a lightly buttered gratin dish. Sprinkle the chopped dill over it. Cover with half the tomato slices, overlapping them as necessary. Season with salt, pepper and the rest of the dill. Cover with the remaining tomato slices and finish with more salt and pepper. Pour on the dill cream. Sprinkle the crumbly mixed with the cheese evenly over the top, and bake on a pre-heated baking sheet at 220°C (425°F) gas mark 7 for about 15 minutes until thoroughly hot.

Philippa Davenport



Villandry: artful composition, pumpkins, and weedless perfection

Catherine Heavey Chappell

The fighting Irish cheese makers

Kieran Cooke samples everything from Gubbeen to Cooleeney

There was a time when asking for the cheeseboard in a restaurant in Ireland was equivalent to requesting a piece of haddock in a steak house. Either the waiter would deny all knowledge of such dangerous edible items or, after considerable scratching around in the lower reaches of the kitchen, a piece of rock hard, funeral-looking cheddar accompanied by a soggy, digestive biscuit would be placed on the table.

Times and tastes have changed. The growth in tourist numbers, plus a rise in Irish living standards, has resulted in a move away from the traditional dessert

of apple pie with lashings of cream, to an appreciation of cheeses, many of them locally produced.

Ireland's cheese makers have been battling away, exporting their produce to England and the continent for many years," says David Brown of the Big Cheese Company in Dublin. "In the past three years the Irish have discovered the quality and variety of cheeses being produced here. Irish cheese is still more appreciated abroad than at home but things are changing."

For many years the Dutch have purchased large quantities of Irish Gouda type cheeses such as Doolin and Cooleeney. In England, France,

the vital expertise to mature cheese properly.

Cashel Blue, which accounts for about half of Ireland's cheese exports, is now available in many supermarkets in England and Ireland. Other cheeses either fail to meet the supermarket's requirements for long shelf life, are not available in sufficient volume or are not price competitive.

A few choice Irish cheeses: □ Burre: a mild cow or goat's cheese from Virginia, in County Cavan. Hand-rolled into balls and preserved in sunflower oil. Excellent as a starter on toast or in a salad.

□ Cooleeney: similar to a Camembert. When allowed to mature and served at

room temperature, it develops a rich, fresh flavour.

From Thurius in County Tipperary.

□ Gubbeen: from Scull, County Cork. A semi-hard vegetarian cheese, either plain or oak-smoked.

□ Milleens: One of the oldest Irish cheeses. Packs a considerable punch with a healthy farmyard odour about it. From County Cork.

□ Orla: another Cork product, a hard and dry sheep cheese which has won several awards.

■ The Big Cheese Company, Trinity Street, Dublin. Tel: Dublin 6711392.

■ Neal's Yard Dairy, Covent Garden, London. Tel: 0171-379 7646.

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FOOD AND DRINK

What would you guess is the world's most planted red wine grape? Did I hear Cabernet Sauvignon? Please. Cabernet is beaten into fourth place by its Bordeaux cousin Merlot, which is so much easier to ripen there. And Carignan still sprawls over so much of the Languedoc-Roussillon, in spite of attempts to bribe vignerons there to pull it out, that it covers even more ground.

But the red wine grape that is planted on a greater area of vineyard than any of these is one that many even quite serious wine drinkers may never have heard of: Grenache or rather Garnacha as it is known in its birthplace and most significant home, Spain.

Because it is as common as drought in Spanish vineyards, Garnacha has not exactly been revered in Spain. In fact it has been dismissed with the ultimate

insult, "OK for pink wine". The same is true throughout much of southern France, but the exception to this, the ultra-spicy, meaty, Grenache-dominated red Châteauneuf-du-Pape, proves how wrong this can be.

Provided yields are low (no irrigation) and, preferably, vines are old, Grenache/Garnacha can turn out some exceptionally user-friendly reds.

Vinified fast and given no oak ageing, the wines can be juicy, robust fruit juices. Painstakingly made into wine, using every trick to squeeze as much of the essence of the vineyard into the bottle, the wines can be

tough as old boots in youth but display an amazing array of spices and herbs throughout their life.

The one characteristic shared by any Grenache worth bottling is – sorry about this – relatively high alcohol. These are wines worth taking seriously. Too heady by far for summer, warming Grenache-based wines are exceptionally good at softening the blow of plummeting temperatures.

Gigondas, Vacqueyras and superior Côtes-du-Rhône-Villages have been delivering thrills from the Greater Châteauneuf region for many years.

Merchants such as Yapp Bros. of Mere, Wiltshire; Jesterini & Brooks, of London SW1; and Edinburgh and Gauntleys, of Nottingham, are

as Cannonau, and a host of others, with a host of wines made from it in Roussillon.

The vine was also widely planted in both Australia and California where it produces mainly insipid currant juice but some conscientious winemakers have sought out the oldest, lowest-yielding vines there for our delectation.

It has been only in the last year or so, however, that winemakers in its Aragon homeland have rediscovered pride in Garnacha, spurred on by the first vintage of Basa (24.49, Thresher group) made by Rioja winemaker Tebano Rodriguez of Remelluri for Adinams of Southwold, Suffolk. Now we are seeing all sorts of exciting variations on this theme.

A legacy of the House of Aragon's influence is the importance of Grenache in Sardinia, where it is known as Cannonau, and a host of others, with a host of wines made from it in Roussillon.

as Cannonau, and a host of others, with a host of wines made from it in Roussillon.

Perhaps the most extraordinary Garnachas ever will come from Priorato, a strange yet extremely sought-after slice of Catalonia slate currently yielding all manner of Clos de Thibar and That, all intensely mineral and some of them brutally uncompromising.

It is already too late, alas, to call them bargains.

Recommendations:

■ Marques de Aragon Garnacha Puro 1995, about £3.70; from Moreno Wines of London W2; Harvey Nichols of London SW1; Peter Green of Edinburgh; Grogiblossom of London NW8; Noel Young of

Cambridge; Oxford Wine Company of Oxford. A basic, juicy, drink-me style from the San Isidro co-operative in Calatayud, way south of Navarre and Rioja. "Puro" presumably means "not blended with anything more expensive".

■ Agramont Garnacha 1995, £3.99; bigger Tesco's and a range of independents. Particularly old Navarre vines are responsible for this herbal remedy for autumn blues.

■ Guelbenzu Jardin 1995, Navarra, £4.99; Majestic. Gorgeously juicy, deeply coloured, low-yielding old-vine produce. Full, rich, lively with a dry finish but bursting with ripe fruit. More successful than Guelbenzu's grander Cabernet-based Ego.

■ Vacqueyras 1994 Domaine Cabassol, £6.49; Oddbins. Sweet, spicy and lively.

■ Vacqueyras 1990 Domaine Le Couroult, £7.75; Berry Bros. & Rudd, of London SW1. Spice herbs, gorgeous southern Rhône stuffing, yet absolutely ready to drink. Guts and potential.

■ The Fergus 1994, Tim Adams, £8.99; Australian Wine Club. Tel: 0800-716893. A South Australian varietal with a future. Very rich and gutsy, but much mintier than any Rhône.

■ Château Rayas from £23.27; O.W. Loeb of London SE1 and Adnams of Southwold. The Châteauneuf-du-Pape for insiders, depending unusually heavily on Grenache. Get your hands on as much of this, its sidekick Clos Pignan and its stablemate, Domaine de Fonsalette, as you can afford.

Eating in Treat of the game season

Working parents know the problem. Time. Trying to juggle work and family commitments and treat old friends to the odd week-day dinner party often requires organisational skills better suited to devising a German railway timetable. But help is at hand. Hugo Arnold, author of *Simple Suppers* and master of the quick dinner party, has put together six stylish menus for the autumn – and all can be put together in roughly half an hour.

Of all the widely available game at this time of year, it is partridge that shines above all others. Not only for its succulence – its delicate gaminess perfect for any novices hesitant about the season's treat – but also for its ease of handling.

One person for an occasion, half a bird if the accompaniments are of sufficient substance and quantity. Serving is a delight and even if you do not want to be troubled with a whole bird on the plate, removing the breast and legs is as easy as slicing ham, well, almost.

Partridge used to be as predominant in England, if not more so, than pheasant is today. Before the 1860s and the introduction of intensive farming, the hedgerows – remember them? – were thick with partridge.

No longer. The partridge family has plummeted throughout Europe, so much so that prices have soared and we can only laugh at the common Victorian complaint of too much partridge on the dinner table. They often ate grey partridge however, while we tend to eat the more common red partridge. The latter is altogether a more meaty bird and, say the experts, not as fine, although I have to admit to being addicted.

Wild game is about as free-range as food can be and so much the better for it. No hormones or growth promoters to speak of, no unsightly shreds to lock them up in. Buy from reputable game



Abraham Bloemaert's 'Still Life with Fruit and a Dead Partridge' (1584-1651) in the Rafee Valls Gallery, London. The Bridgeman Art Library

Hugo Arnold's 30-minute dinner party menus – No. 1

Starter

BRUSCHETTA OF WILD MUSHROOMS: GOAT'S CHEESE AND TRUFFLE OIL

Four slices of good country bread; olive oil; salt and pepper; 1 garlic clove, cut in half; 450g assorted wild mushrooms, picked over; 1 goat's cheese crostini, crumbled (about 60g); 1 tablespoon chopped parsley; truffle oil (available in most good delicatessens).

Method: Brush the bread with olive oil, season with salt and pepper and grill on both sides until golden brown, rub with a garlic clove and set aside. Heat four tablespoons of olive oil in a frying pan and when the oil is hot, but not smoking, add the mushrooms.

Toss thoroughly in the oil and cook over a moderate heat for between three and four minutes, or until the mushrooms begin to release their juices. Add the cheese and parsley and continue cooking for a further two minutes, or until the cheese melts. Arrange the toast on four plates, spoon over the mushroom mixture, drizzle over a scant teaspoon of the truffle oil and serve.

Main Course

BAKED PARTRIDGE WITH ROOT VEGETABLES

Four partridges; olive oil; 50g unsalted butter; salt and pepper; 6 shallots, peeled and quartered; 2 carrots, peeled and quartered lengthways; 2 sticks celery, trimmed and halved; 6 baby turnips, peeled (larger ones should be halved); 1 small bay leaf; 1 glass white wine.

Method: Heat 8 tablespoons of olive oil in a heavy casserole dish until almost smoking, and brown the partridges. Remove, pour off the oil and replace with three tablespoons of egg oil and the butter.

Add the vegetables and bay leaf, toss in the oil and butter, season with salt and pepper and replace the partridges. Cover the dish with foil. Cover the birds loosely with a piece of foil, then cover the lid and braise over a moderate heat for 25 minutes, or until the partridges are cooked.

All recipes serve four.

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At 1 Kingsway, London WC2, the conversion of a former bank branch into another big bar-cum-restaurant is almost complete.

To be called Bank, it is to open on October 18 (0171-405 9996) and will have the managerial talents of Eric Garnier, who opened Quattro's, and the culinary skills of Christian Sirelly, former chef/proprietor of L'Arlequin and Tim Hughes,

former head chef at Le Caprice. Nicholas Lander

I have never thought of Jennifer Paterson, cook and Great British Eccentric, as a cult figure but she may

become one when her new book and UK television series are launched next month.

Two Fat Ladies, with Paterson and Clarissa Dick-

son Wright, will be screened on October 9 on BBC 2, the day that the book of the same name is published by Ebury Press (£17.99).

Flamboyant does not do justice to Paterson's character and culinary certainty, so I am sure that the series will be full of genuine fun and excellent recipes. For book inquiries ring: 0171-259 5598. J.J.

Appetisers

01621-819596. Jill Jones

There is a chance to sample the acclaimed food of David Wilson, of the Peat Inn, near Cupar, in Fife, while he is cooking at the Lanesborough, London SW1, during its Scottish chef promotion (October 18-29).

Among the treats is roast saddle of venison with wild mushroom and truffle crust. For details call 0171-259 5598. J.J.

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TRAVEL

Travels with a querulous old lady

Nicholas Woodsworth is going in search of the real America, but first he has to equip himself and find the right means of transport

Great or small, elegant or shambling, epic or insignificant, all journeys have a beginning. Such starting points may not always be quite as ceremonious and dignified as the traveller has imagined they will be - Christopher Columbus himself spent four ignominious years tramping around Spain after the royal court of Ferdinand and Isabella before he was finally granted a charter of exploration and sailed west.

My own discovery of America began with still less decorum over a polystyrene tub of fast food in the parking lot outside Nick's Canteen in Hull, Quebec.

On a sunny Saturday morning in late summer, Nick was doing a roaring trade in *poutine*, a French Canadian speciality of chips drowned in glutinous brown gravy and melted cheese. It is the *ne plus ultra* of road food and, I thought for anyone about to take to the highways of North America, as appropriate a symbol of departure as a bottle of champagne is to a new ship.

But it was not Nick's roadside fare that had brought me to this part of town. Like almost everyone else busy wielding plastic forks there, I had come to patronise the even busier establishment on the opposite side of the parking lot, the Canadian Tire Corporation.

Canadian Tire stores are a veritable national icon, a country-wide chain offering a vast range of items dear to all Canadian hearts - snow tyres and chainsaws, checked flannel shirts and fishing rods, canoe paddles and thermal clothing, beer coolers and anti-freeze. While other national retail stores are these days barely keeping their noses above the surface of a stagnant economy, Canada's robust, out-

door, hockey-puck culture keeps the CTC humming along, season in, season out, coast to coast.

I am not sure that a large part of its present good fortune was not due largely to one customer - me. The brand new but already gravy-splattered North American road atlas I was poring over - an essential item to my imminent 10,000-mile tour of the continent - was the last in an endless series of purchases there.

Getting outfitted for life on the

road, Rosinante, an 11-year-old Volkswagen van that I regard less as a doughty steed than a querulous elderly lady.

I can hardly say I blame her for her tetchy character. When I had started searching the second-hand lots for a vehicle suitable for a continental tour, I quickly despaired. I was looking for a vehicle in which I could eat, sleep and live comfortably. At the same time, I wanted something that I could park inconspicuously in any setting - in a suburban side-street, on a wilderness riverbank, at the shoulder of a rural highway.

But today's recreational vehicles are anything but inconspicuous. The prime tools of what has become a vast consumer subculture of mobile Americans, they are monsters. I did not want a 22ft modular home on wheels. I abandoned the lots, and began talking to the locals. And when I finally came across a little, tan-coloured VW passenger van slowly sliding, with 140,000km on the dial, into a sedate and sedentary old age, I stopped looking.

Some inanimate objects, whatever the grammarians may say, have gender, and this, indubitably, was a she. But not, when I got to work on her, a very happy she. I subjected her to rigorous physical indignities passenger vans half her age would have objected to.

I ripped out her seats. I stripped off her worn carpets. I roamed junkyards, auto wrecks, lumber yards, curtain-makers, mattress stuffers and the likes of Canadian Tire looking for bits and pieces to turn her into a respectable camping van. I enlisted mechanics to stop her tappets knocking and lubricate her aching joints. She still wheezes on hills. She still burns too much oil. Her rust patches, the liver spots of automobile old-

age, have not gone away. Back to the daily working grind, she is not sure she likes it.

Why travel the roads of America, you may ask, in a geriatric van? Why, indeed, travel the roads of America at all?

Twenty years ago I left a home in the quiet Quebec countryside for what I considered more exciting pastures. Since then I have as a journalist been on the go most of the time, visiting remote and far-flung spots. As a North American I disdained North America as banal and everyday.

It is only recently that I have realised that the continent is as strange as any other place. Perhaps stranger; less attached to the past than anywhere else, it is perpetually throwing up new and sometimes unaccountable forms of existence. Some visions it offers the world seem hopeful. Others are dark and frightening.

It seemed time to go back to my own continent and rediscover it. But I have learned that jetting in, seeing the sights, and jetting out again to the next city is not the best way to do it.

When I spent a morning in a Quebec garage chatting with Guy Pelletier as he probed the greasy innards of my VW, he may have given me a smoother running motor. But he also gave me something no package tour or luxury Quebec holiday could. Will the looming prospect of Quebec's independence from the rest of Canada come to anything? I do not know, but the dozen encounters from the simple buying of an old van have given me some idea of what many ordinary Quebecers fear and wish for in life.

A sense of the everyday reality of places comes from doing everyday things. And so on that sunny Saturday morning I speared my last gravy-soaked chip, opened my road atlas to a small chunk of a large continent, and climbed aboard. Whether Kansas farmers, Texas border patrolmen, or LA screen-hopefuls waiting on tables, there are a thousand Guy Pelletiers out there. On the road, puttering in home-too-hurried fashion past a thousand towns, I set off hoping to encounter something of their America.



road is a serious business. The deadly mistake most travellers tend towards is over-provision. When novelist John Steinbeck - no slouch at travel - set out across the continent in the journey recounted in *Travels with Charley*, he estimated that he loaded Rosinante, his heavy-duty camping truck, with four times too much equipment. Eventually, his rear tyres blew out.

I had managed to resist the temptation of stocking up on shiny buckles, but despite my best efforts I now possessed a small mountain of gear - everything from spark-plug wrenches to emergency whisky supply, from cheese grater to, yes indeed, thermal underwear. Who can tell what adventures and contingencies the highway might throw up? It all lay neatly stowed away

in my own Rosinante, an 11-year-old Volkswagen van that I regard less as a doughty steed than a querulous elderly lady.

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TRAVEL

A hidden pearl in East Sussex

Antony Thorncroft looks at an architectural gem in Bexhill-on-Sea that is due for a new lease of life

Bexhill-on-Sea is not the most thriving of England's seaside resorts. The train journey there is ponderous; road links are not much better. Anyone desperate for sea breezes is likely to be distracted by the more obvious charms of adjacent Hastings or nearby Eastbourne.

And that is what makes Bexhill so intriguing: it is the never-quite-happened Sussex resort, the pearl that failed to escape the oyster. There are signs of what might have been when you arrive at the cavernous sta-

Crowds were obviously expected. And for a brief time they came: thousands of well-scrubbed children, packed off to the dozens of prep schools that skirted the town. Hardly one remains, and the station looks sad and lonely.

Step outside and life perks up immediately. Bexhill was largely created by the De La Warr family in the Edwardian era. The family had

owned the land for centuries and decided to develop a select, well-planned, resort of a kind to appeal to retired Indian officers. Little has changed in almost a century – the same grid pattern; the same red brick buildings; the main shopping streets crammed with small specialist retailers which have kept at bay the supermarkets and the chain stores. Bexhill has matured slowly, in step with its elderly population.

By the time you reach the sea front you are lulled into a 1950s time warp. And there suddenly it is – a building of such modernist pretensions that it would warn the concrete heart of Le Corbusier. The De La Warr Pavilion, Bexhill's palace of fun and physical fitness built in 1935 to rival similar modernist fantasies at Worthing and Eastbourne.

But Bexhill went all the way. The 8th Earl De La Warr could get away with virtually anything. The socialist mayor of a conservative town, he wanted a contemporary building. He

gave £30,000 to provide seedcorn for a project which will even-

ensure that the open, anonymous competition was

judged by a modernist, who

selected the designs of the

emigres, Mendelsohn and

Chermayeff.

The welded steel frame

building, a first for the UK,

coated in concrete and mica

chipings, was immediately acclaimed as a little bit of

Bauhaus in England. Its mixture of plain white walls and

glass curves are familiar to

any addict of televised ver-

sions of classic 1930s crime

novels. Hercule Poirot has

spent many hours tripping

around the De La Warr.

Now its faded charms are to be smartened up. For the Pavilion is a pale shadow of its initial glory. The flat roof where Bright Young Things played quoits and physically jerked in a safety risk; the 1,200 seat theatre is decorated by 1960s fabrics; the clean lines of the entrance hall are impeded; the exterior has lost its mica coating.

The lottery has given

£30,000 to provide seedcorn

for a project which will even-

tually cost £11m. If all goes according to plan the heritage lottery will eventually provide 75 per cent of the total expense, with the remainder coming from the local council and friends. The Bexhill family had holiday homes here; a De La Warr founded Delaware, so there may be hope in the US: German architectural foundations may like to support Mendelsohn. There is great goodwill towards this Grade

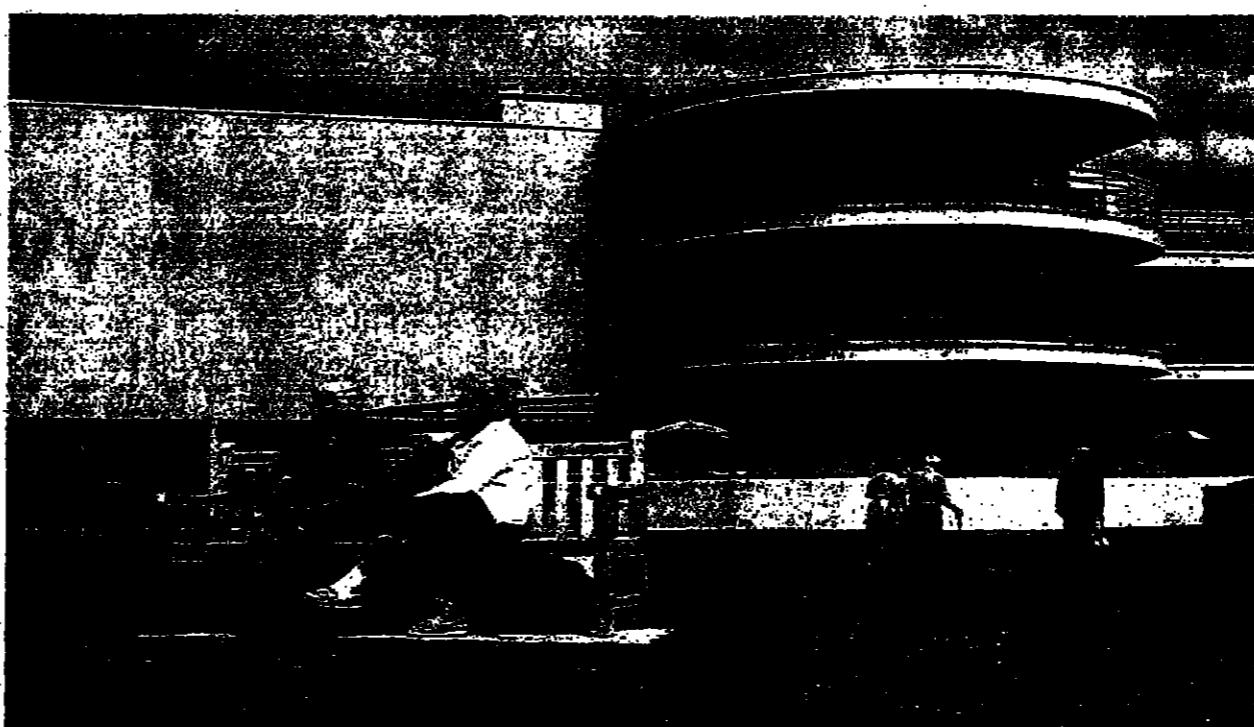
I Listed building. There is no point in beautifying the pavilion without improving its creative output, which has declined into one-nighters from the likes of The Barron Knights. It is unlikely that a renovated pavilion will disturb the calm pace of Bexhill. But it is a good example of lottery cash spreading into the forgotten corners of the land. It nicely balances other lottery projects that are enhancing the Sussex coast.

This seems a substantial sum, but the West Pier has always been Brighton's classier pier, in Grade One Listed, and is certain to pay its way once repaired.

Almost opposite the pier is Brighton, or rather Hove's, most elegant district, Brunswick Square, which houses the most imaginative lottery development in the region. Number 43 has been taken over by the Brunswick Town Charitable Trust, which plans to return it to its pristine 1826 glory.

The current Janeite obsession with the domestic life of the past – especially of upstairs living in the Regency Period (and just after) – should make it an instant draw. Along the way at No.10, the basement has been untouched after 175 years and will provide a fascinating insight into the downstairs life of the period. So far the lottery has contributed £27,000, but more will be needed to complete the £2m development, which includes a significant education programme.

Throw in the £20m plan to upgrade the Dome complex, with a concert hall, a theatre, and an exhibition space, and Brighton is certainly shaking off the seaweed. But you should never need an excuse to visit Brighton: Bexhill requires a detour, and the De La Warr Pavilion is worth the effort. By the millennium it should be the finest gallery of 20th century art on the south coast.



The De La Warr Pavilion, Bexhill: one thing that happened in the never-quite-happened Sussex resort

Michael George/Collectors

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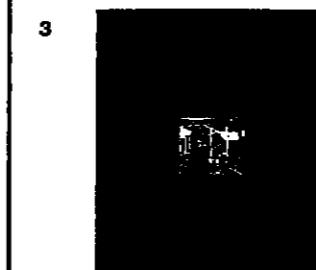
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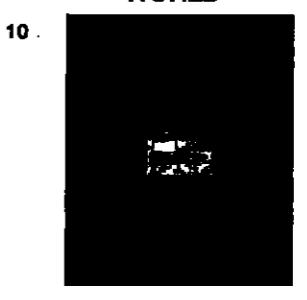


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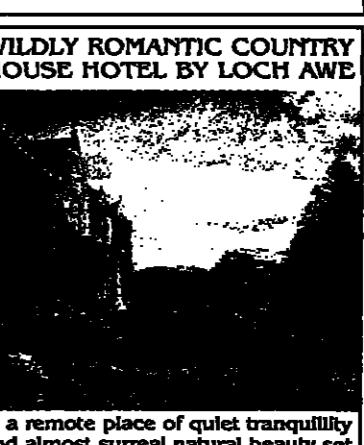
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FASHION

The Jean Muir legacy lives on

Marion Hume says the label long associated with jersey is as desirable as ever

There is a marvellous buzz about British fashion right now. This is London. Fashion Week and there is an almost palpable excitement in the capital about the talents of Alexander McQueen, Hussein Chalayan, Antonio Berardi and Clements Ribeiro.

But among such names is one which does not cater for those requiring buttock-revealing trousers or something angular in PVC. In among the "hot", "cool", "hip" and "fabulous" is a name that has garnered respect for 30 years and one that has long been associated with this season's most fashionable fabric, jersey. The name is Jean Muir.

When Jean Muir died last year, her loyalists stockpiled her clothes. There are many stories of women throughout the country buying up all the "Miss Muir" they could find. For Miss Muir's customers worshipped those easy, elegant designs that did not go out of date six months after purchase.

Thankfully the legacy continues in a manner that would make Miss Muir not only satisfied, but proud. Dedicated Jean Muir customers can relax in the knowledge that the clothes are as desirable as ever, while those women perhaps too young to have aspired to a Jean Muir outfit can check out the label for the first time. At the headquarters at 22 Bruton Street, Miss Muir is mentioned in every second breath by her staff, yet no one seems tempted to set the styles she pioneered in aspic.

"Miss Muir believed in looking forward. People are mistaken if they think that was not the case," says Sinty Stemp, head of marketing and press.

"She welcomed new ideas," says Joyce Fenton, a member of the design team.

"Miss Muir kept an archive, but we don't pore over it. I don't think she would really have wanted us to rehash old designs," says Angela Gill, a designer.

In the run-up to the label's spring/summer 1997 show, everyone pitches in, from Roz Conti who started off as a house model along with Joanna Lumley and now plans the show, to Tamzin de Roemer, the model on whom all the prototypes are fitted and who also designs a range of handbags for the company.

The diversification of roles among the staff appears to work; this private company comprises just 22 people and achieves what would in other fashion companies of similar worldwide renown require a cast of thousands.

Staff turnover at Jean Muir is low (even the younger members in their 30s have been there since leaving college) and they all know what is required. Inside out.

"On the surface, we're like

ducks gliding on a pond," jokes Gill. "But underneath we are paddling like fury."

The company has survived the death of its founder in part because of the work practices Jean Muir established.

"Miss Muir taught us all the A-Z of the company. We have always had to do a bit of everything including taking stock inquiries, so we are familiar with what the customer wants," Stemp says.

Miss Muir also practised what she preached. She would answer phone inquiries, do a bit of stock allocation here, a bit of dispatch there.

The Jean Muir clothes age range easily spans from 20 to 80. The new collection, while it does not ignore the core customer, has plenty to offer the younger woman. "We are in our 30s, and we thought

The Jean Muir offering has always been slightly out of kilter with wacky London

about what we need," Fenton says, pointing to some skinny cardigans in plain cashmere. There are flat-fronted trousers in the range for the first time. "Miss Muir didn't like waistbands. She thought them restrictive.

"These are slim, yet have enough give to be comfortable," Fenton says. She hopes that larger customers, addicted to the elasticated waistbands that remain part of the Jean Muir collection, may also fall for the smoother, less bulky line.

In the new collection, the fourth (including two trans-seasonal collections) since Miss Muir died, there are some star pieces; a caramel suede jacket with hand-crafted silver buttons; a navy blue wool crepe suit of short jacket with wide lapels and a fashionable to-the-knee skirt; a collarless jacket that has a soft, sinuous silhouette, avoiding the barrel look notorious with this style.

Other pieces are classic Miss Muir, each clearly designed for the three-dimensional body in motion. There are simple pieces, easy pieces, pieces to co-ordinate with what the customer bought last year or 10 years before that. There are garments that could be pulled together into a lightweight, co-ordinating, travelling wardrobe, whatever the woman's age or size.

Then there is the perennial jersey. (Miss Muir



(From top left to right) Beige crepe bouclé long-line fitted jacket, £227 with matching palazzo trousers £380; long navy jersey dress with stitched pocket and cuff detail, £200; long navy jersey dress with flared sleeve and scoop neckline, £265.

□ Stockists: Harvey Nichols, Knightsbridge SW1 (0171-235 5000), Harrods, Knightsbridge, SW1 (0171-730 1234); Selfridges, Oxford Street, W1 (0171-629 1234); Liberty, Regent Street, W1 (0171-734 1234); The Jean Muir department at Jaeger, 200-208 Regent Street, W1 (0171-200 4047); Fenwick, New Bond Street, London W1 (0171-232 9161) and also Fenwick, Newcastle, Tyne and Wear, 0191-232 2000; Debenhams, 180 Oxford Street, London W1 (0171-232 9161); Olive Weston, 187 Alcester Road, Birmingham (0121-449 1129); Pimpernel, 74 Hyndland Road, Glasgow (0141-333 8920); Hoopers, 53 The Promenade, Cheltenham (01243-227509) and at Torquay, Tunbridge Wells and Wimborne, Bradford.

□ Jewellery throughout by Ian Young for Jean Muir.

always preferred viscose jersey to silk jersey) of special interest in this season of 1970s/Halston/Studio 54 revivalist style. Everyone is trying to do jersey clothes now, but the harsh truth is that many of them look horrible because slippery jersey is devilishly difficult to work with and infuriatingly easy to ruin under a sewing machine.

The customer in search of something slinky by Calvin Klein or something packable and versatile by Donna Karan overlooks at her Jean Muir overlooks at her the immaculately made and competitively priced versions labelled Jean Muir.

Miss Muir's spirit is very much in residence at 22 Bruton Street, where a lively pencil sketch of a young

are probably the best you will find anywhere.

The Jean Muir offering has always been slightly out of kilter with wacky London and more in tune with what the American designers call "sportswear".

The customer in search of something slinky by Calvin Klein or something packable and versatile by Donna Karan overlooks at her Jean Muir overlooks at her the immaculately made and competitively priced versions labelled Jean Muir.

Miss Muir faces a more dour drawing of her with her signature precision-cut bob. It would be impudent and insensitive to ask if she is missed, but does the company, I ask, feel different day-to-day?

"It is different and it isn't different. We all know what we have to do," Gill says.

"We do what we do as Miss Muir would have done it. She had such a strong personality, she was such an influence," Stemp says.

"We still think she's looking on," Fenton adds.

"We hope, from up there, she can see the figures!"



Short, suede shirt/jacket in sand colour with fine punching and sterling silver buttons, £265; black ribbed sleeveless top, £145; black jersey palazzo trousers, £350.

□ Photographer: Andrew Lamb; Hair and make-up: Alex Babsky

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Time for frills and furbelows to bite the dust

A wind of change is blowing through the world of interiors.

Lucia van der Post is swept along on a wave of enthusiasm

Anouska Hempel's new hotel, handily called The Hempel, is to interior design what haute couture is to the way you and I dress. In other words, it represents a dramatic extreme but one that few of us would wish to emulate precisely.

It is a testament to the power of white, light space and... er, minimalism. As you enter the foyer you notice that it is almost entirely empty - not a frill to be seen, not an ornament, nothing to divert the eye from the sense of enveloping calm and, yes, luxury.

For the extraordinary thing about the hotel that Anouska Hempel has created out of five stucco houses in Craven Hill Gardens in Paddington Square is that while it may sound bleak, it exudes a sense of great sanctity and luxury. The secret lies in the quality both of the materials used and of the few (mainly eastern) artefacts, in the sense of space and proportion and the aura of almost monastic tranquillity that pervades it.

In the introduction to his new book*, John Pawson perfectly captures that sense. "What I look for is the excitement of empty space. It has the capacity to bring architecture alive."

Make no mistake, this is not just coincidence. It is the way the interior world is moving. It is getting cooler, cleaner, whiter. All those with cluttered houses still

bearing testimony to the pernicious chintz and pot-pourri aesthetic of the 1980s will perhaps identify with this urge to simplify, to eliminate, to clean up.

Serious designers, such as

John Pawson and Dieter Rams, the great German industrial designer, while not going as far as Adolf

Loos in equating ornament with crime, seem to imbue

the search for simplicity with a moral force.

They see it as one of the prime functions of designers to help us "clear up the chaos in which we live".

Pawson quotes Rams at some length. "Our only chance is the return to simplicity. To me, one of the most significant principles is to omit the unimportant in order to emphasise the important."

But this simplicity should not be muddled with utilitarianism. It is not skimped or mean. There is nothing of the hair-shirt about it and everything of the sybaritic. This reworking of the old Mies van der Rohe credo of "less is more" does not mean that it is less expensive. It may well mean the reverse. For the less there is, the more the detail and the quality really matter.

This new wind looks to be something of a challenge for those companies specialising in frills and furbelows. What do you do if your reputation is founded on chintz and shabby country-house chic when the popular prejudice begins to run in favour of chrome and steel?



How to achieve much with very little. A chair and a few straw hats add up to a serenely beautiful vista - one of the images from Pure Style, published by Ryland Peters & Small

This weekend sees the start of Decorex, one of the biggest trade fairs for the interior design business. From the advance publicity, it would seem that not a lot has changed. There are a few nods in the new direction but there is certainly no question of brave new initiatives. There is almost nothing that will seem fresh and exciting to those who hanker for a Danny Lane table or a Ross Lovegrove chair, or have been attracted by the aesthetics of the loft and the warehouse.

One of the problems, of course, is that throwing out a drawing-room, or swapping a Smallbone kitchen for a Bulthaup is a lot more expensive than swapping designer jeans. For financial reasons alone

change in the world of the chintz and brocade set

comes slowly. Nevertheless, there are a few signs. Fabrics are, on the whole, less ornate. There are more stripes and checks and

plains. Weave and texture is beginning to outweigh chintz.

There is a growing sense that superfluity should be not so blatant. As Ann Grafton, group market director at Colefax & Fowler, that

most distinguished of traditional design companies, puts it: "Our whole, people are decorating in a much more simplified form but what we aim to give is quality that will last in

things like curtains and

upholstery. Then they can put in fun and fashion with the smaller things such as

throws and cushions that are easier and less expensive to replace."

So while fashion in interiors is the hot new fad, it is a fad that takes money to embrace. It has always been there, but it evolved slowly.

While bright young things

were changing their power

jackets and the shape of

their trousers every season,



Eero Saarinen's chairs for Knoll Associates used in a thoroughly 1990s way. From Pure Style

the home was left behind. They spent their money keeping up with Donna, Ralph and Calvin's latest offerings.

What has changed is that

these days Donna, Ralph and

Calvin themselves have a

growing sense that the worlds of

clothes and interiors are

moving closer together.

Continued on next page

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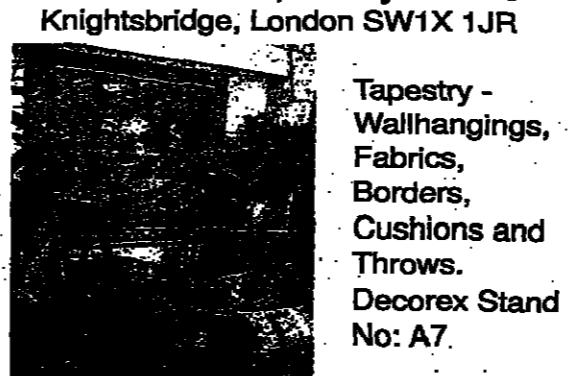


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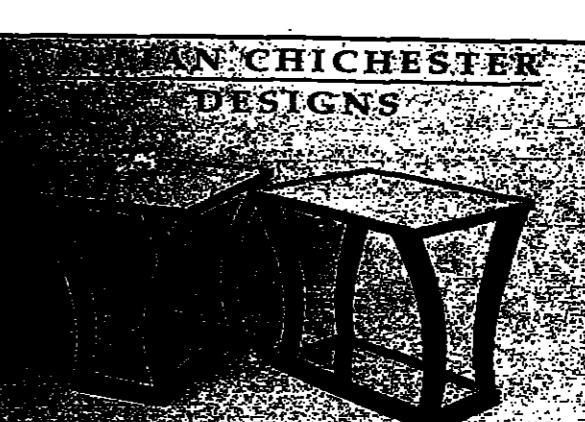
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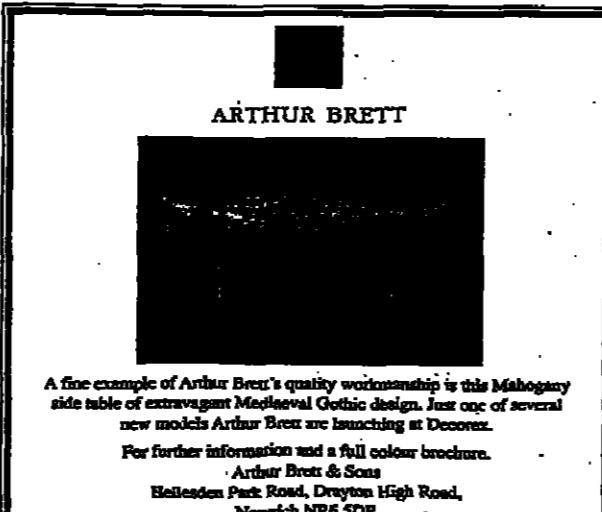
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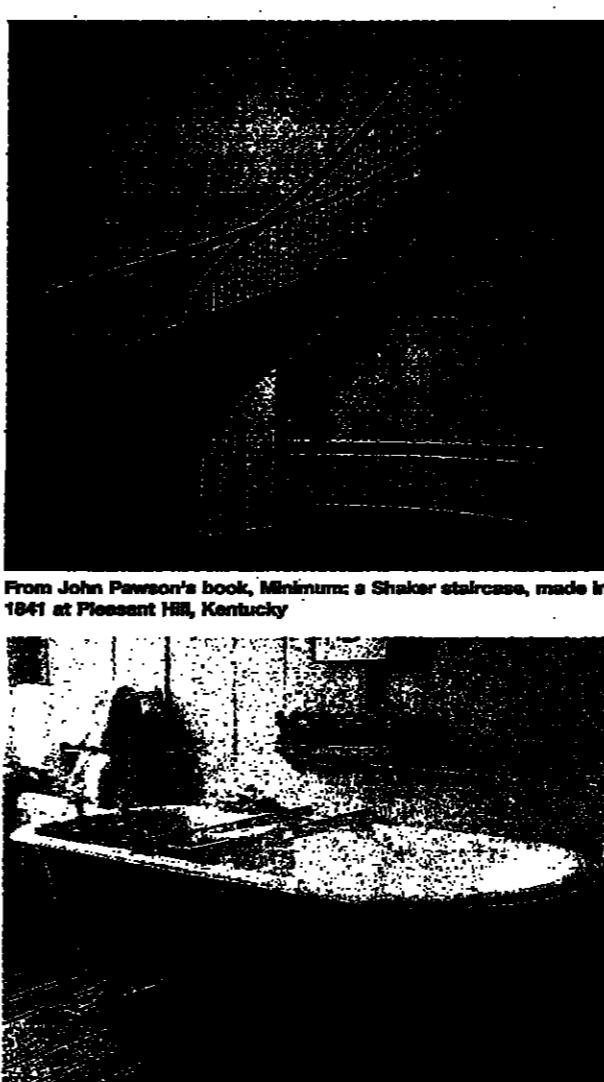
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مكتبات الراحل

HOW TO SPEND IT



Clean lines, simple shapes, sisal matting and wooden floors – the classic ingredients of the 1990s interior. Just one of the many stimulating interior schemes from Pure Style



From John Pawson's book, *Minimum: a Shaker staircase, made in 1841 at Pleasant Hill, Kentucky*



An essay in the many tones of white. Creating a bathroom that is fresh and restful, from Pure Style

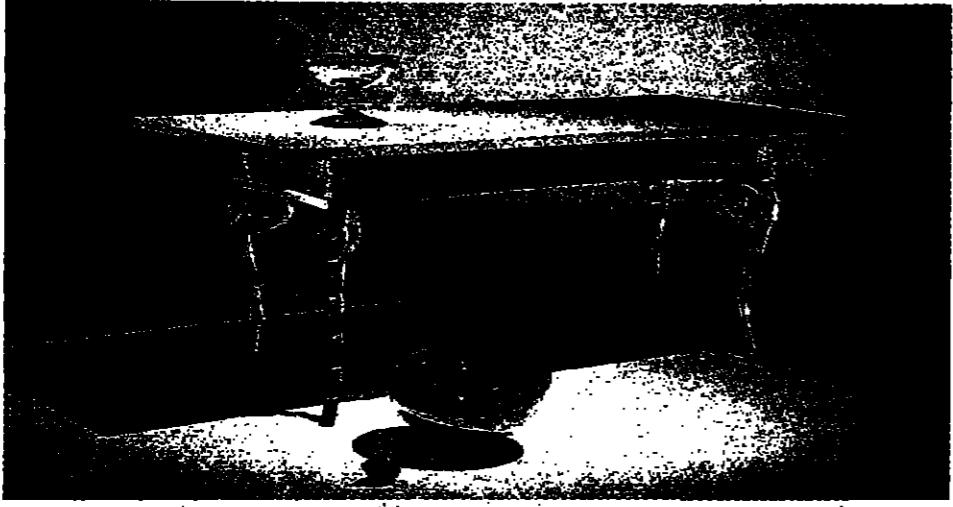


Table in aluminium, limestone and maple, £2,950 (plus VAT) from Villiers Brothers. Tel: 01277 899690

From previous page

target audience, judging by *Wallpaper's* first issue, are heavily influenced by hip music, urban imagery, post-war design, Japanese-influenced food, the internet, cinema and all things chrome and beautiful.

They like 1970s-style Pfister sofas, Knoll sofas, sheepskin rugs, homeopathic remedies, steel wardrobes, catering cookers and wooden floors. It's an eclectic look, given individuality with personal trophies from long-haul travel and junk shop trawls, married with clean classic furniture from the heyday of Scandinavian design.

Where are the shops, the

manufacturers, that cater for this new breed? Few and far between and not, on the whole, at Decorex. No wonder Donna Karan and Calvin Klein are about to head this way with their pared-down offerings for 1990s interiors.

So how to achieve something of this new pared-down look? For those starting out with an unsullied abode, this is a relatively easy philosophy to embrace and stores such as Habitat and Ikea, the Conran Shop and Heal's are leading where the decorating brigade have only just begun to tread. There you may find cool white sofas, unadorned glass, plain white cotton bedlinen, and lights of chrome or steel.

Those whose houses and

interiors are heavily cluttered, all the accumulated clutter of many years, have a harder task. However, it can be done. A ruthless assessment of everything in a room is a good way to start. All the small bric-a-brac that is not of first-rate quality could be dispensed with, again freeing up large areas of space.

The only real headache, I warn from experience, comes when you are faced with 41 different shades of white and you have, somehow, to choose between them.

Two good new books might be useful: *■ Minimum*, by John Pawson (Phaidon, £60) is a searching discourse on the appeal of minimalism, an exploration of the author's thoughts on architecture, art and life, accompanied by extraordinary photographs to show the power of minimalism. It is well worth reading.

■ Pure Style by Jane Cumberbatch, (Ryland Peters & Small, £18.99) has none of the intellectual stimulation of the Pawson book but adopts a decorative approach which is accompanied by visual examples of how the pared-down, clean, white look can be brought to life. Charming, helpful and inspirational.

Better floorboards than ours can be sanded and left fully exposed. Good up-to-the-minute lighting systems, as invisible as possible, mean that lamps and the tables they stand on can

be dispensed with, again freeing up large areas of space.

The only real headache, I warn from experience, comes when you are faced with 41 different shades of white and you have, somehow, to choose between them.

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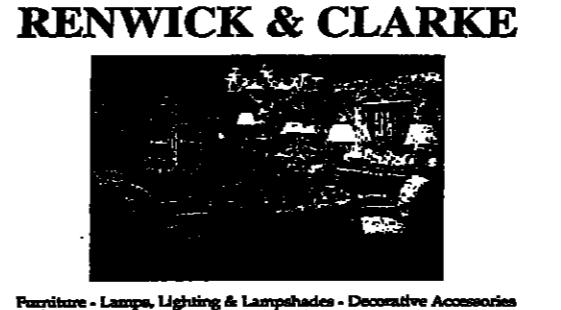
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PROPERTY

It was hard to find a bank, clearing or merchant, that would take him seriously, says Dunning, one of the founders of the UK's best motorway service station, and the only one which is a small family business - in fact two families.

Small is beautiful at Westmorland Motorway Services' award-winning Tebay station, which straddles the M6 between exits 38 and 39 on the southern ascent to Shap Fell. It has had a Civic Trust award for design and a Loo of the Year prize.

Three years ago Tebay East (southbound) joined Tebay West (northbound), which opened in 1972, to provide a country stop with good local food, civilised service, clean surroundings and value for money. It is a force in the local economy.

Boiled water is the Lakeland brand. Meat is from Morecambe, the fudge in the shop from a maker in Penrith, and the bread and cakes from Birketts, also of

Penrith, whose directors, David Snowdon and cousin Nicky Birkett, have been John and Barbara Dunning's partners from the beginning. Petrol is 2p a litre below the usual rate.

The buildings are designed like barns in limestone, slate and Scots pine. Picnic areas and restaurants (300 covers) look on to ponds with ducks and views of the fells. Photographs on the walls of traditional Lakeland life, interspersed with Wordsworth poems, show that Cumbria is special - and this motorway stop unique.

How different from the nearby Granada station, with blown-up pictures of strawberries and beans on toast.

Tebay's philosophy - "Pause, traveller, to enjoy and experi-

ence" - has proved highly successful, in spite of early struggles and the effort involved in raising money for the southbound side.

"The banks have not served the small business sector well," says Dunning, "and their conduct in the last recession destroyed customer loyalty." Their local bank manager supported their loan application to London but "the visionless calculators there could not conceive of any promising prospect in the wilds of Cumbria".

In the end Singer & Friedlander loaned £2m, but Dunning sees the experience as "exposing the cultural divide between the City and small provincial business". To him it also partly explains the indifferent post-war performance

of the UK's local businesses.

He believes Michael Heseltine's Business Link project, co-ordinating specialist help and "coaching people into small businesses", is a way forward which, for the first time, offers "real professional support to small firms". And Tebay has joined the Investors in People scheme to involve all staff in the development of the business and their own skills.

Tebay began in the 1960s when the imminent arrival of the M6 - cutting through land Dunning's family had farmed for generations - coincided with the decision to shut Tebay railway station and stop pushing trains over Shap with the auxiliary bank engines based there.

It looked a disaster for the com-

munity since the M6 would whisk people through with little local benefit. When the Ministry of Transport called for tenders for a large service area, "the big players didn't bite," seeing insufficient turnover.

So a new call for tenders went out, for an area of just 40 seats. "We began as a very small operation." Shell supplied the fuel and later BP. In 1976 Westmorland opened its Mountain Lodge Hotel at the service area, with help from the English Tourist Board and the county council. It took three years to break even. The rooms (242 a night) are quiet and spacious, with no sense of being in a motorway, and it has a comfortable, clubby dining room.

In 1982 the caravan park began, now run by a couple who came as customers and then asked to manage it, and in 1986 the truck stop was added at exit 38. In the recent privatisations, Westmorland bought back its freehold "at the market price, not at the agricultural rate they paid us for taking our land in the first place," said Dunning. Today, Tebay employs 10 times its original workforce, and offers the most comprehensive range of services on a UK motorway.

Dunning, a modest man, is quietly proud of what Tebay does for Cumbria. Its 260 staff are bussed in for eight-hour shifts. "It takes revenue back to the farms and communities, which stabilises the local economy - and the landscape," he says.

The money, and contracts such as maintaining outside parts of the service area, help the hill farmers to keep going without having to amalgamate as has happened in other hill areas of the region. "Encouraging the rural economy safeguards our upland landscapes more creatively than just resisting change - which induces decay," says Dunning.

What is next? Westmorland has just won a £2m Regional Challenge grant for Hills of the North, a £10m centre by the Penrith exit on the M6 to welcome visitors to Cumbria. The success of Tebay offers City bankers, who sometimes stop off en route to Scotland, food for thought as well as food for the body. It is unwise to overlook the potential of the hills of Cumbria.

■ *Westmorland Motorway Services, Tebay Service Area, Orton, Penrith, Cumbria CA10 3SB (01539 524511)*

Small is beautiful in Cumbria

Gerald Cadogan finds a motorway service station which is a pleasure to use

Why London lags behind

Anne Spackman looks at the lack of luxury serviced flats in the capital

In most international cities across the world the serviced apartment is a recognised option on the property market. There has been an explosion in the market in North America, where occupancy rates are running at 85 per cent.

In south-east Asia, serviced apartments are becoming the established form of accommodation for workers employed on short-term projects. In France, Orion and Citadines are market leaders in the budget sector.

In London, however, this piece of the property jigsaw is largely missing. What few serviced apartments exist are operated by small private companies on a one-off basis. Yet the demand from companies and individuals is high. The potential to fill that gap has gone unnoticed by the big international developers.

When Donald Trump visited London in the summer he was amazed to find no developments like his current International Hotel and Tower in New York, which combines hotel, serviced apartment and residential accommodation on the same

luxury scale. He took a tour around the capital to scout out potential high-rise sites, should he ever decide to export his product across the Atlantic.

Other developers are ahead of him. The first new serviced apartment block to open its doors, two months ago, was Citadines on the Gloucester Road in Kensington. Of 92 apartments, 90 are already occupied. Francois Nahac of L'Étoile Properties advised Citadines and is also involved in an Orion development in High Holborn.

He says the French see London as a good market for expansion. "The demand is enormous, as the take-up of this new outlet demonstrates," he says. "In France this is a well-established concept both in fiscal and planning terms. In London it is not organised or branded. We have to start from scratch."

That is easier said than done. The two councils which control most of the prime central London areas - Kensington and Chelsea, and Westminster - are opposed to the creation of short-term accommodation for two reasons: first, their

policy is to encourage permanent homes wherever possible and, secondly, they say short-term tenants do not make good neighbours.

This latter complaint seems to be a hangover from the days of badly-run boarding houses, rather than a reflection on the international business people for

'People expect the same marble bathrooms they find in luxury hotels'

whom developers would like to build. However, with no London-wide authority to decide whether the capital needs to fill this gap in its property sector, it is a question of each development fighting for itself.

Citadines, whose apartments rent out for around £100 a night, had a long battle to secure planning permission. It only got it because the council was desperate to see something done

on a site which was in a poor state and had changed hands several times. With London now such a buoyant development market, opportunities in such good locations are likely to be rare.

The next scheme to open will be the Regent's Plaza development on the edge of Kilburn and Maida Vale in north London. The scheme consists of a hotel with 150 rooms, 50 serviced apartments and 100 privately owned flats. Some of the first residents in the serviced apartments will be the film crew for the movie *Monty Python's Flying Circus*, which is being shot to the north of London.

The first wave of serviced apartments is most likely to come in non-prime locations such as this. Knight Frank is acting for a number of clients who are looking at sites in the no-man's land between the West End and the City. They are examining a building on the south bank as a potential hotel with serviced apartments on top. Another possible site is the Public Records Office in Chancery Lane.

Knight Frank is very confident about the potential of the luxury serviced apart-

ment market. Its partners are finding the general standard of quality and service in London, particularly in the second-hand apartment market, is far too low for international customers.

With the exception of Chesham Place and Observatory Gardens, which have sold for up to £750-£800 a square foot, even the newest developments fail to hit the mark. Top quality serviced apartments might mop up some of that demand in the way Trump's new scheme has done in the US.

Richard Crosthwaite, of Knight Frank, says: "There is a knock-on effect from the world's best hotels to the residential market. People expect to find the same marble bathrooms, power showers and air-conditioning they find in luxury hotels."

"When they come to London they just cannot believe the run-down appearance of most blocks - the hall carpets are worn out, the porter is asleep and they are being asked to pay £1m for a short lease. In the US the service is good. In the Far East it is impeccable. London is lagging very far behind the rest of the world."

Koh Boon Hwee, the chief executive of the Singapore-based property company, Liang Court Holdings, also sees the need for London to improve its developments for international customers, who want the same standards and options whether they are in Singapore, Sydney or London.

Through LCR Developments, its London subsidiary, Liang Court is completing the first phase of its first development in London, a hotel and apartment scheme around Stamford Gardens in Kensington. The apartments have been designed to suit the requirements of south-east Asian investors and international tenants. They are unlikely to sell to domestic buyers.

All the first phase has been pre-sold in south-east Asia. The tenants will be able to use the facilities of the hotel, such as the health club, tennis court and swimming pool and will share the private garden square.

In south-east Asia the company has sold some of its serviced apartment developments to investors, who

have then leased back the property for Liang Court to manage in New York. Donald Trump has taken the idea one step further.

In its International Tower

he is selling serviced suites to individuals or corporations who can use them for up to six months a year.

(The time limit is set to avoid the payment of residency taxes.)

The suites share all the hotel's facilities, but have their own entrance and staff.

With the hotel due to open in January, 75 per cent of the building is already sold

at prices ranging from

\$915,000 to \$8.4m for the apartments and from \$250,000 to \$1.25m for the hotel suites.

The tower itself rises 52

floors above the south-west corner of Central Park. It is hard to imagine London's planners approving something similar.

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On the Move / Anne Spackman Exploding an ownership myth

New research into patterns of home ownership in 12 OECD countries explodes the myth that owner-occupation is what most households aspire to. The Netherlands was the only country with less than 70 per cent of type B households in owner-occupation.

The other figure which marks out the UK as unusual is the rate at which it has risen up the home ownership table. It is the only country to have swapped from the group of post-industrialist countries of western Europe with low numbers of home owners just after the second world war to the group of English-speaking countries with high ownership levels.

What does mark the UK as different is the age at which house-buying starts. The researchers looked at owner-occupation levels among two household types: type A was a couple in their mid-20s with no children and an average income; type B was a family with two adults in their 40s, two children and an average income. The UK had the highest proportion of type A owners, at 74 per cent, com-

pared with an average of 40 per cent. Among type B owners the variance was far smaller, suggesting owner-occupation is what most households aspire to. The Netherlands was the only country with less than 70 per cent of type B households in owner-occupation.

* *Is the UK different? International Comparisons of Tenure Patterns by AJM Freeman, A.E. Hotham and C.M.E. Whitehead, £20 from the BSA/CML Bookshop, 3 Savile Row, London W1X 1AF.*

sidy pattern, it reported that stable middle-aged households in all countries tend to choose owner-occupation.

In the racing heartland of Berkshire, Knight Frank and Lane Fox are selling Burley House and stud, five miles outside Newbury. The house was left derelict by the US Army after the war, but the stud was developed by the owners of a neighbouring property. When they died, the house was bought by developers, who have restored its surviving features and created a country house with four main reception rooms, eight bedroom suites and a swimming pool.

It has a digital security system and provision for 20 switchboard-controlled telephone lines to every room. The house is on four floors, with a playroom, staff accommodation and garage.

at garden level, a double drawing room, dining room, kitchen and family room on the ground floor and five main bedroom suites on the two top floors. John D Wood (0171-727 0705) is asking for offers over £55m.

□ □ □

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in excess of £5m.

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OUTDOORS

Once again, in England, the ground is as hard as a brick at a time when we ought to be planting most of our bulbs. It is bad practice, however, to delay planting many of the smaller bulbs, except tulips. The only answer is to water the ground for several hours before setting to work with the trowel and bulb planter.

Bitter experience has taught me sensible guidelines and persuaded me not to think about creating instant carpets of colour. Wild-life and the growers between them guarantee a decline - mice and squirrels are sworn enemies of anything with a hint of a crocus about it. All week I have been watching the bushy-tailed grey creatures swiping the green walnuts off my trees before they are ripe. Plainly, they are in training for the crocus season and will set about anything planted in beds if given a chance.

I disagree wholeheartedly with *Gardener's Question Time* whenever they give their regular incarnation about gardeners and the need to conserve wildlife. But I agree ever more with the revered Tom Lehrer and the black humour of his solution for the pigeons in the park. And if only they still marketed cyanide.

I would not even try and hide. I would happily watch mice consume it instead of my best specimens crocus.

In beds, the prettiest crocuses are the two superb varieties, Blue Pearl and Cream Beauty. Small groups of a dozen or so are among the loveliest flowers for any garden and if they are happy and pest-free, they will soon multiply into more.

My favourite yellow is the early aconites which bears up to 20 small flowers of brilliant orange on any one cluster.

It is coarser than the other two, but marvellous value, even if the mice attack it at the end of the season. None of these crocuses is suitable for naturalising in grass, even in lawns. They die out after one or two years.

In grass, you need stronger varieties and you do not need to imitate the effect of London's Park Lane in spring. Groups of 25 can be spaced out at regular intervals and are almost as

impressive as the great carpets which are maintained on the edge of the London parks.

The conventional wisdom is that the blues and yellows are best kept apart, although such contrasts are very neatly with the whites. The best white is Joan of Arc and the usual yellow is Yellow Giant. None of the "blues" is really blue, but I prefer Remembrance which is a sort of pale purple and lasts for a long while.

Last year, on German advice, I tried the pale Crocus Vernus Vanguard in beds and in mown grass. It is said to be an excellent spreader and will increase well from seed. It is not the cheapest, but it is certainly extremely pretty and my excavations already show that it is multiplying, particularly along the front line of borders. It also looks enchanting when the sun persuades it to open its pale petals and I recommend it to anyone who is slightly uneasy with the



large, better-known purple Dutch varieties. What the squirrels leave, the bulb-growers have already torpedoes. You cannot blame them for

sending out tulip bulbs of such size and initial vigour, but this quality is often the result of exceptional cultivation, including the removal of the flowers before they open fully, weakening the bulb for the following year.

We then plant these highly maintained beauties and enjoy them for one or two seasons. The bulbs dwindle, the flowers shrink and eventually we replace them, to the growers' economic benefit. As a result, I am moving away from tulips as my main spring bedding. I have changed over to small narcissi which are a lazier alternative and much more persistent. They increase, whereas tulips decrease.

The usual view is that yellow daffodils and narcissi look out of place in cultivated flower beds. Certainly, the tall varieties look peculiar, but I am concentrating on the small, early varieties which have the supreme advantage of dying away more quickly

and leaving room for the summer bedding between their dead leaves.

Almost all the best buys are to be found in the small Cyclamen section of lists. I mistrusted them for years because the basic Cyclamen variety is rather

tricky and appears to prefer damp soil. In fact, its cousins are extremely vigorous and are a heavy sight in small clumps at intervals down any flower bed.

They will also compete well with grass and will even flourish in beds at the base of young trees.

The ones to choose first are February Gold, which is not

really gold and flowers in March, Jack Snipe which has a primrose-yellow cup and cream petals, Jenny which is almost entirely white and the charming Peeping Tom which multiplies admirably and is a small golden yellow.

February Gold is probably the best value, my other favourite: Tete a Tete which is a butter-yellow, runs a very close second.

It holds several flowers on one stem. Wallace and Barr of Marlow, Kent, calls Tete a Tete "one of the best all-round narcissi ever". I certainly could not disagree.

We all know the bother of struggling to plant big double-nosed bulbs of a narcissus in a dry September. The small varieties are much easier and are immensely willing to increase into serious clumps. They have the small delicacy in a flower bed which large varieties such as Carlton and Fortune somehow lack.

After a narcissus has flowered, we are now advised to leave six weeks before we cut back the untidy leaves. These early varieties flower in March and can therefore be out of the way by mid to late May, even in this late season. They can sit in the ground from one year to the next without any bother, sparing you the chore and disappointment of digging up the tulips every single year and finding that they have shrunk by half.

Narcissi are changing my practice and greatly reducing my labour. Tulips are an occasional decoration, not a main crop by the hundred, and the multiplying groups of small narcissi have overtaken the numbers of my previous bad investments.

Gardening

Bulb planting against the odds

Robin Lane Fox says it is time to tackle bulbs, despite the rock-hard ground and hungry wildlife

Skiing

Free pass up the slippery slope

Arnie Wilson on Switzerland's crisis on the peaks

A made Perrig Zermatt's director of tourism, was asked recently if he was worried about the prospect of British skiers abandoning his world-famous resort because it had become so expensive.

In reply, he simply pointed at the mighty Matterhorn and said: "Why do we need to do anything? We have the Matterhorn. People will always come for the Matterhorn."

But he was wrong. Even though this most stunning and glorious of peaks put the once tiny village of Zermatt on the map, Switzerland is facing a tourism crisis which even the presence of the world's most famous mountain cannot solve. And not every Swiss ski area has a Matterhorn or an Eiger to attract tourists.

According to the Swiss, a recent survey showed that if a free holiday were offered to British holidaymakers, the majority would choose Switzerland. But it is not free and the competition for skiers is fierce and complex, and raises many questions.

Are the Swiss panicking? Will France find a way to win back those skiers that deserted it because of the poor exchange rates caused by the *franc fort* policies? Will this winter be Italy's last as a best-value destination as a stronger lira and hiked-up prices make it less attractive?

And is Austria, which has also suffered a serious downturn in tourism, but which has largely resisted the temptation to increase prices, ready to reclaim the clients it lost to the Italians?

Slovenia, which continued to offer skiing holidays and maintain a national ski team even when its neighbouring

states were plunged into London, director of Switzerland Tourism, seemed grateful that we had journeyed to the Bernese Oberland to listen to his problems.

Unlike his patriotic predecessors, Eberhard has been going cap-in-hand to various Swiss cantons - quite common in other countries but almost unheard of in Switzerland - asking for the unprecedented help me woo back the British.

"The Jungfrau region is the only area in Switzerland listening to me at the moment," he said. This is hardly surprising since its resorts, traditionally one of the main British strongholds, lost 27.5 per cent of their British overnight stays last winter. Yet the British, with their Down Hill Only and Kandahar ski clubs, virtually invented downhill skiing in the Jungfrau region.

"But now something's cooking," Eberhard continued. "I hope the attitude here in the Jungfrau region sends a signal to other Swiss regions to come up with their own deals."

The resorts of Wengen, Grindelwald, Mürren and Interlaken have offered British tour operators £100,000 worth of deals in an attempt to lure skiers back to the slopes. In turn, the operators, with the help of Swissair and the Jungfrau Railway, both eager to reclaim lost ski passengers, have translated this sum into £250,000 worth of reductions in lower hotel prices, lower airfares, free ski passes and "added value".

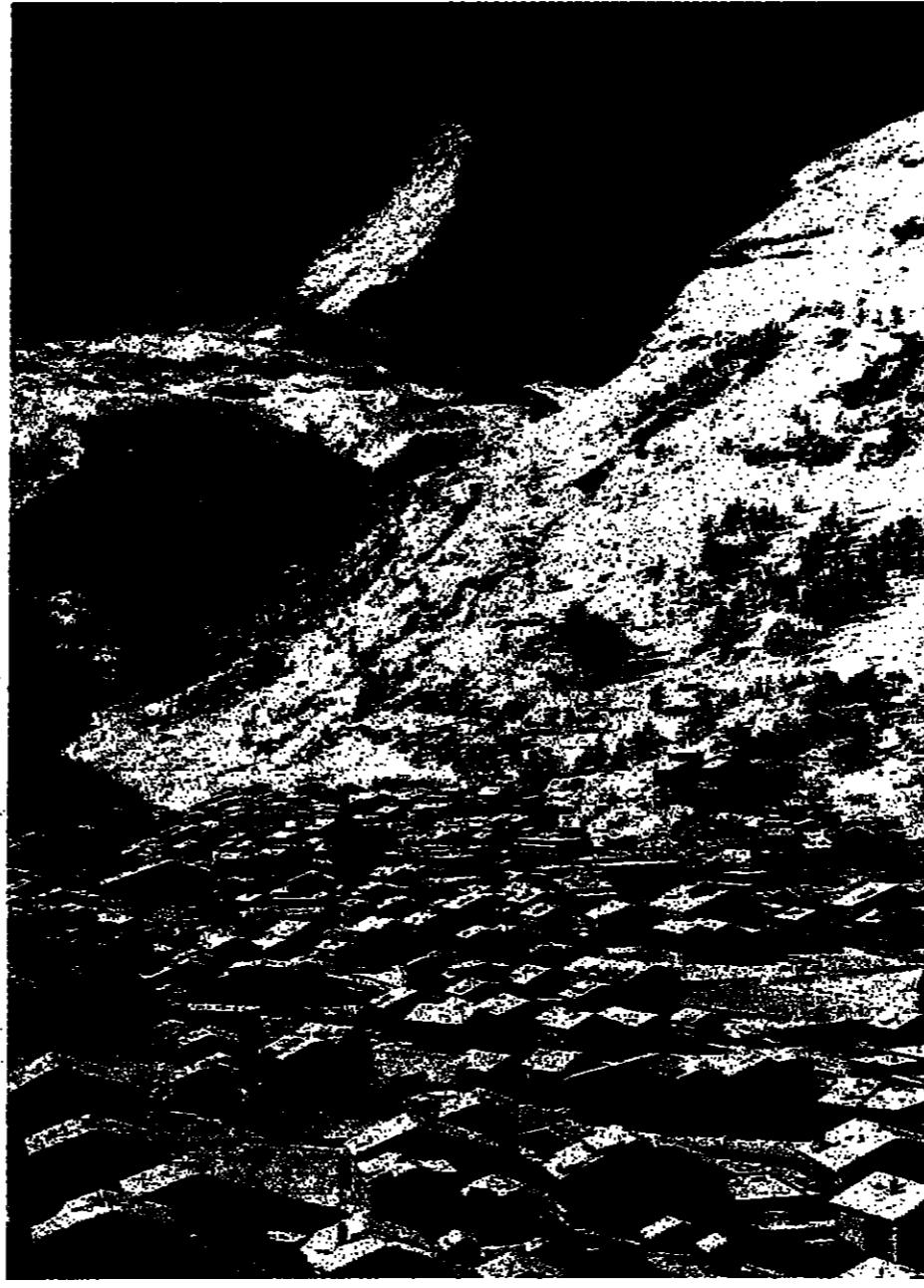
Now, other Swiss ski areas seem to be getting the message. Verbier has reduced its overall prices and created a new, cheaper lift pass just for the local slopes. And even Zermatt, in spite of the undoubtedly pulling-power of

reached the bottom and we will all claw our way back."

Discussions revolved around a theme summarised by the phrase "We have to act". And the first region to act has been the Jungfrau - hence our visit.

It felt a little as if we were being escorted on a secret mission: our train tunneled dramatically through the north face of the Eiger before we filed into what must be one of the world's highest conference rooms (no windows) at the "Top of Europe", above Europe's highest railway station at the celebrated Jungfraujoch. Press releases were handed out like sealed orders.

On Eberhard, the amiable



Zermatt: the mighty Matterhorn alone cannot bring in the tourists year after year Other Grattan/Globe

the Matterhorn, is giving truly memorable without breaking the bank."

"Switzerland is perceived to be expensive," said Eberhard. "I am not denying it, but Switzerland compares very favourably with its neighbouring countries. People seem to think that because France has become expensive, Switzerland must have become even more expensive. But this isn't so."

"Short of devaluing the Swiss franc, there are not many options. But we realise that we cannot afford to be complacent. So we looked for imaginative solutions which will make a Swiss holiday

promoting Swiss resorts, and Powder Byrne is offering free lift tickets to skiers who book for Grindelwald before November, and reductions at one of its Grindelwald hotels in January.

At Wengen, Crystal Holidays is offering reductions in chalet holidays as well as free equipment hire for children and reductions in lift pass prices, and Plus Travel is offering one free lift pass for every couple who ski in the Jungfrau region during the second and third week of Wengen.

Similarly, Inghams is mounting a radio campaign

to date by getting young criminals to tell him about their latest techniques. The Primera's audio interacts with the security devices. These include an engine immobiliser and "Superlock" system which disables interior handles, preventing a thief from opening a door even if the window is broken.

Interior space is quite generous, front and back, and the boot swallowed two sets of golf clubs and two trolleys - one of them electric - with room to spare.

Prices of the new Primera

will not be announced until shortly before it goes on sale in mid-October. Nissan is keen to get it on the company fleet buyers' shopping lists.

So, although the new Primera is in every way a better car than the old one, prices are unlikely to be significantly higher, if at all.

This suggests an Equation

1.6-litre entry model will be

less than £14,000 and a flag-

ship 2.0-litre SE about

£18,000.

A sporty GT will join the

range early next year but

Nissan has not yet made up

its mind if there is going to

be a Primera estate.

Fishing / Tom Fort

Crickets, worms and French trout

I have a slightly troubled conscience. Not about the worms, for they can

be regarded as a legitimate weapon; but about the cricket (not the one Geoffrey Boycott pronounces so deliciously, but the hopping, leg-rubbing variety). I do, however, plead mitigating circumstances.

While on holiday in the French Pyrenees with, among others, one of the more assiduous readers of this column's meanderings, I came in for some severe criticism. That the cricket should be my brother, live in a distant land, and know nothing whatever about fishing does not protect me from his sometimes wounding words.

His theme was that I dwell too much on failure and incompetence. He argued that readers want to hear of great coups and dazzling ingenuity, that they like to look up to the writer, rather than find him occupying the same mediocre terrain as themselves. I said this was rubbish. And after this holiday I still say it is rubbish.

Our holiday house was situated high in a valley, a few miles from the Spanish border. The hills were steep, clad in thick woods of beech, birch and fir, with pastures above where the sheep nibble. Bells clang at unearthly hours as tawny cattle roamed through the bracken outside our windows. Most days cloud clung to the slopes. There was much rain, and the air was filled with the sound of water.

It was one of those holidays which, owing to the clamorous demands of children, was as hard work as work itself. It was also difficult to steal time for fishing. But there was a most alluring mountain river 100 yards away, and a rod had somehow managed to insinuate itself into the luggage, and I did have my reputation as a slayer of fishes to consider.

I had fished in these parts before and had reason to believe that there should be trout in the river. The only creatures for whose existence I had firm, early evidence, however, were newts and tadpoles. This was based on trips by my very small nephew who went frequently to commune with them. But a fisherman cannot fish for newts, and anyway I had no information on what they eat. So I took it had to be.

I had already seen a good deal of anglers prowling up and down the stream. From their demeanour and tackle, I deduced they were using bait - caterpillars, worms and the like. But the water was crystal clear and I reasoned that even though the trout were French trout, they should take the fly.

We captured some crickets and put them in a jar. Later I was poised precariously atop a great rock overlooking the trout pool. I had it in my head that a tempting cricket lowered on to the head of the trout from an invisible quarter would entice these world-weary fish. A squad of children were there to see the theory put to the test.

The plan proved to be flawed. The cricket danced and scuttled and was ignored. The children became disgusted and left. I got hot, bothered, and lacerated by brambles. Some of the surviving crickets escaped in the house, bringing abuse on my head. I did no more fishing, turning instead to hunting mushrooms which were more reliable than the trout.

Despite the abundance of rain, paucity of sun, and complete want of trout, despite an oven which did not work and a washing machine which was not, despite the hellish racket made by children playing Racing Demon, despite the slaving and the appalling cost of things in France (or perhaps because of them) it was a proper holiday.

If I go back, I think I shall leave my fishing rod behind. Either that, or... I wonder what newts do eat?

Motoring / Stuart Marshall

Better second time around



Little things count in the new British-made Nissan Primera

it even more economical than another noted fuel miser, the 1.6-litre lean burn engined Toyota Carina E. So far, I have driven only a five-door turbo-diesel. It proved to be a good motorway car, cruising quietly at business motoring speeds.

Overall gearing is high enough to make fourth a better choice than fifth below 30mph/50kph. Pick-up in this gear between 35-38mph (56-60kph) was satisfactorily strong, the turbo producing

extra pulling power with undramatic ease.

Shift quality of the Primera's five-speed gearbox is as good as any in its class: a four-speed automatic transmission is an extra cost option only on the 2.0-litre petrol models. All have power-assisted steering and anti-lock brakes. Air conditioning is standard only on the most posh Primera SE but can be factory fitted to any GX and SLX version provided the sunroof is deleted.

Overall, the Primera is a good car. It ensures the rear wheels always stay vertical and the tyre reads flat on the road.

Its development was carried out at the Nürburgring, on German autobahns, French alpine passes and the B-roads of Kent. Clearly, the lessons were well learned. On rough surfaces the Primera is unusually tranquil.

There are four-door saloon or five-door hatchback bodies to choose from five trim levels and three power units.

Two of them - a 1.6-litre, 100

horsepower and 1.8-litre, 130

horsepower - are multi-valve petrol engines, the third a turbocharged 2.0

litre, 90 horsepower diesel.

Realistically achievable average fuel consumption is

range from 35.8mpg (7.9/100km) for the petrol 1.6

to 42.2mpg (6.7/100km) for the

turbo-diesel. The 1.6-litre petrol engined Primera very closely runs the diesel well (5.6/100km) which, Nissan claims, makes

it like that of Nissan's

Yachting

Ordinary people take up the challenge again

Keith Wheatley on the relatively inexperienced sailors ready to embark on a year-long race around the world

On Sunday, several hundred adventurous and apprehensive "yachters" leave Portsmouth and the calm waters of the Solent behind to spend nearly a year racing around the world. Ahead of them lie the tropical heat of the Doldrums, the storms of Cape Horn and personal challenges such as they have hardly imagined.

Captains of industry will turn out to be complaining wimps, nursery-school teachers foredeck heroes. Or so it proved four years ago. British yachtsman and entrepreneur Chay Blyth devised an event that had would-be competitors queuing up to part with nearly £20,000 and leave their workday jobs and lives behind, proving his theory that ordinary people have an unslakable thirst for adventure and the sea.

Renamed the BT Global Challenge (after its new sponsor) the competition has attracted even more interest than its forerunner, the British Steel Challenge. Most of the crew-volunteers, as Blyth terms his clients, are people who were too late to get berths on the first race and waited patiently, cheques in hand, for the next chance. Blyth even had to tell a number of gluttons for punishment, veterans of 1992-1993, that they could not go around again.

Blyth's group has built five new yachts for this year's race, making a total fleet of 14 plus a training boat. Safety and performance considerations (the need for a level playing field) meant that each of the original yachts was stripped virtually to a bare steel hull and re-equipped with new masts, deck gear and engines.

The exercise cost "a small fortune" according to Blyth, although he says with some pride

that they managed to sell on items such as second-hand water-makers and 85ft masts to cost-conscious sailors all over the world. Staff say that no outsider could tell the difference between old and new boats.

Nevertheless, the existence of two groups of boats has created tough decisions for the four skippers who took part in the first race. Like all sailors they develop sentimental attachments to past commands. Yet as racers, they instinctively want the newest

boat.

"From my point of view it's nicer to be on the original boat. I know pretty much everything that has happened to her since she first went in the water five years ago."

If Golding's boat has not changed, much else about the Challenge has. Four years ago

there was a question mark over the whole event. Could teams of relatively inexperienced sailors

take big racing yachts down to the extremes of the Southern Ocean and return in one piece, let alone stage some kind of sporting contest while they were away?

That question was answered in spades. The racing was close, the adventures compelling and no one drowned (save the unfortunate Bill Vincent who took his own life off West Africa). This time, says Blyth, skippers and crews know the voyage is possible so it is going to be more of a race.

"They have so much confidence in the strength of the yachts that they drive them to within an inch of the wall. But there is a limit," he says.

The idea of disabled sailors racing around the world would not have been contemplated in 1992 but in this race the Time & Tide yacht is crewed entirely by people with serious physical problems. They include three amputees, a bowman who is deaf and dumb and two others who have cerebral palsy.

"They have so much confidence in the strength of the yachts that they drive them to within an inch of the wall. But there is a limit," he says.

"This is the same boat," said Golding as stores were loaded aboard Group 4 in Southampton's Ocean Village marina last week.

"I'm taking it round for the third time now. It was a fairly big

question in my mind as to whether having a new boat would make any difference to our chances of winning.

"Naturally the Challenge Business assured us that it wouldn't. Everything I saw in Devonport

years ago. "It cost £3,000 and I'm

It's high noon in the Wild West

Cowboys and their culture are thriving in the electronic age, writes Michael Thompson-Noel

What are the 10 best classic cowboy films of all time? What is, or was, "goat meat"? Who, or what, was Ring Eye? And what, or who, was Yellow Belly?

Well, partners, the Yellow Belly, also known as Yellow Boy, was a Winchester rifle, so named because of its brassy colour. Ring Eye was the horse ridden by comic sidekick Smiley Burnette in a number of western B-movies. Among North American cowboys, "goat meat" was a colloquial term for venison killed out of season.

And the 10 best classic cowboy films of all time, according to the author of this encyclopedia, include *Stagecoach*, *High Noon*, *Lonely are the Brave*, *Butch Cassidy and the Sundance Kid* and *Clint Eastwood's Unforgiven* of 1992.

Perhaps the inclusion in the list of a revisionist and sadistic film like *Unforgiven* will make some folk bridle. But then Richard W. Slatta is entitled to his opinion. Not only does he define what he means by a classic cowboy film, but it is unlikely that anyone alive has given as much thought to cowboy films - or to cowboy matters in all their variety - as Slatta, who is a history professor, author of the well regarded *Cowboys of the Americas* and now compiler of this entertaining and wide-ranging guide to the history of the cowboy.

In fact, there is almost nothing about cowboys and cowboy life that Slatta does not know. As a result, *The Cowboy Encyclopedia*, which combines dictionary definitions and biographical entries with more than 400 short essays on all aspects of cowboy history, culture and myth, has won prizes in America for its excellence as a reference book.

The bibliography alone

runs to 27 pages, but what is equally impressive is the range of electronic information sources - including online encyclopedias - Slatta says he consulted in the preparation of this work, in addition to conventional archival and other library sources.

In short, far from disappearing because of competition from electronic reference works, printed reference books - of which dictionaries, encyclopedias and cookery books are three good examples - are themselves getting better and more sophisticated as their authors tap into the immense data-cloud of cyberspace.

THE COWBOY ENCYCLOPEDIA
by Richard W. Slatta
W.W. Norton £12.95, 476 pages

About two-thirds of *The Cowboy Encyclopedia* focuses on the American west. The remainder covers Canada and South America. One of his goals, says Slatta, was to refute generations of pundits who have declared the cowboy dead or dying. Some aspects of cowboy life have certainly changed, he says, but cowboys and their culture are alive and well in the US, Canada and Latin America, as a visit to any of the hundreds of cowboy song-fests, poetry gatherings, chuck wagon cook-offs, rodeos and other cowboy happenings attests.

Even in Britain, cowboy line-dancing is now a big hit, having been transported from America to Britain initially (I believe I have got this right) by metropolitan gay AA groups, which know a good thing when they see it. For them and for urban cowboys everywhere, Slatta's enlightening encyclopedia is well nigh indispensable.

A role model for urban cowboys everywhere: Colonel W.F. Cody, "Buffalo Bill", wrangler, gold-prospector, ranch hand and army scout turned Wild West entertainer. Pictured in "The West" an Illustrated history by Geoffrey Ward (Weidenfeld & Nicolson £20, 448 pages)



In the opening pages of this book the young narrator, Alex, who is also Nick Papandreou himself, says: "Politics is an enemy to the family, an opposing force; at some point love, no matter how strong, hides and covers in the corner while politics, hot, naked and sweating, moves in like a Minotaur".

It is a sentence very characteristic of the author whose life changes most abruptly at the age of eight when his father Andreas, despite a formidable academic reputation, takes his American wife and four children from California to Greece to pursue a political career.

Father Dancing is several things at once: it is a collection of stories about individual self-discovery, a boy's account of growing up in a Greece of the mid-1960s, a family chronicle of a political dynasty, and a portrait of a people trapped in a claustrophobic society, divided into first-class and third-class citizens.

These 16 sensitively written stories are set against one of the most turbulent

Turbulent times for a political dynasty

George Kassimeris on a collection of stories, part fact, part fiction, which chronicles the troubled history of modern Greece

other begins. Yet although Papandreou never says it outright, this present book - up until the collapse of the Colonels' regime and the difficult transition to democracy in 1975.

The publishers' claim on the dustjacket, that the book is an "unreliable memoir" and therefore not intended to be read as a straight autobiographical work, would make it bizarre but acceptable if it was presented as a novel. But it is not.

True, the book's characters, both fictional and historical, do mingle with each other throughout the text and at times fact and fiction are so skilfully interwoven that one is not entirely sure where one ends and the

my American grandfather about the eye, he washed my mouth with soap because I was speaking nonsense. When I told my Greek grandfather, he spat on my forehead and told me not to look anyone in the eye for 26 hours."

The years that followed, however, were far more dismal and challenging. Life under the Colonels became absolute hell for the family. Andreas was arrested and thrown into prison for months and it seems that only his international reputation saved him.

Then there was exile, first in Sweden and then Canada. The author gives us a brief but moving description of the early hours of April 21,

passed, every member of the family grew stronger in the new environment except the father. In exile, Andreas was racked with guilt and a sense of loss and felt unable to fulfil his political potential. He became the orator-in-chief of the anti-junta struggle, frenetically campaigning around the world against the dictators.

When Nick Papandreou writes about his father he writes with a painful and vivid exactness. Andreas Papandreou emerges in these pages as the type of man who was always ready to give up his family in order to have time for what really mattered to him.

"My childhood memories of my father are of a man at a distance. I don't recall the smell of his shaving lotion, the shape of his hands, or the way he wore his hat. Instead I see him being carried on the shoulders of Greek villagers, I see his solitary form on a balcony, I see him surrounded by people, lost in their embrace."

Father Dancing is an absorbing book, and a brave one.

education, put an independent body appointed by the Queen in charge of the national curriculum (limiting its scope to the three Rs and history), and scrap all teacher training colleges.

Would that really make matters better? The teaching profession has had to cope with so much change already; more of the same would only further distract it from what everyone believes it should be doing, which is to teach.

And so what is to be done? "We need to put back as much authority and as many solid structures as we can," she says and then talks vaguely about "shoring up institutions like Parliament and the Monarchy".

More precisely she wants to bring back grammar schools, improve vocational

British children are no longer being taught to read. In fact, they are not being taught anything at all. We are in the age of child-centred education, in which children progress through primary school, secondary school and university to emerge as miserable ignoramuses.

So keen are schools not to trample on a child's innate creativity that instruction has become taboo. Mistakes must never be corrected. All answers are equally valid. Even in maths there is no such thing as a wrong answer. Grammar and spelling are dirty words. The art of the essay is dead, and when it comes to foreign languages no one can speak more than pidgin.

Knowledge is old hat. Everything is relative; there is no such thing as great art.

Teachers' knuckles rapped

But this harangue will not benefit education, argues Lucy Kellaway

Batman comics are more relevant than Chaucer.

In *All Must Have Prizes*, Melanie Phillips lays into the British educational system with an obsessional rage, finding not one thing to admire, not one change to be thankful for. The book sets out to be controversial, yet most readers are likely to be left puzzled: even the most traditionally-minded teacher or parent will find it hard to recognise British schools from her account.

While it is true that Phillips' beloved *phonics* has fallen from favour as the sole way of teaching reading, that does not mean schools have abandoned teaching reading at all.

There is a discussion to be had about techniques of teaching, but this type of harangue, with its dubious statistics and one-sided debate, is not the way to begin it. Phillips' need to polarise the debate: education can (and in many cases, does) do many things simultaneously. It can encourage creativity as well as teach rules and principles.

She argues that we came to be in this sorry state thanks to Joony Leftists in the Department of Education acting in cahoots with teachers and university professors. The national curriculum, which was meant to change the status quo, was hijacked by this corrupt

educational establishment with the result that the status quo has been reinforced.

In the most bizarre chapter

ALL MUST HAVE PRIZES
by Melanie Phillips
Little, Brown £17.50, 288 pages

ter of all, Phillips traces the decline in moral standards back to the Enlightenment, pointing the finger at historical figures including John Stuart Mill, Rousseau, Bertrand Russell, Freud and Darwin.

Just as blame-worthy are parents. They are indifferent to and neglect their off-

spring. They are so keen on promoting their own freedom and individuality that they no longer understand what commitment means. Thus divorce and single parent families abound, and instead of society punishing these anti-social beings, it supports them, or at any rate withholds judgment.

And so what is to be done? "We need to put back as much authority and as many solid structures as we can," she says and then talks vaguely about "shoring up institutions like Parliament and the Monarchy".

More precisely she wants to bring back grammar schools, improve vocational

Fairy home companion

Steve Gunderson is straight out of *Private Home Companion*, Garrison Keillor's weekly radio celebration of the Middle West and Lake Wobegon. An eight-term Republican congressman from a largely rural Wisconsin district, Gunderson is content to explain his extreme personal reticence simply as "a Norwegian thing".

He is a man of few words and even less publicly revealed passion. For most of his tenure, Gunderson devoted himself to milk prices, and that suited his farming constituents fine.

That mundane existence ended dramatically in 1994 when Robert Dorman, Gunderson's party colleague, savaged him in the House of Representatives and emerged to tell reporters:

"We've got a homo in our party... we have a moral obligation to expose them and destroy them." Gunderson found his image transformed, at a stroke, from dairy home companion to fairy home companion.

Dorman, congressman from California's Orange County with a loose-cannon reputation for gay baiting, was reprimanded by the party leadership for the personal nature of his attack. But Gunderson had to wonder how much of that initial support was because Dorman had broken the code. How many colleagues privately expressed the same views, in more civil language?

Gunderson won re-election in 1994 in spite of a vicious campaign in his district by the religious right. But he is retiring after his current term to keep a promise made at the last election. Gunderson and Rob Morris - his partner of 13 years - have now reconstructed the Congressman's slow journey into self-awareness and out of the closet. Their book goes directly to the heart of the question of same-sex marriage, the issue that has mobilised the religious right this year.

It is no wonder that Gunderson galls the right. His tributes to the central importance of his life of his family and his Lutheran faith ring of deep-rooted conviction, not lip service to win votes.

He is unwilling to concede one iota of the "family values" argument. The more ebullient Morris makes a welcome foil for a

of President George Bush's cabinet and gay lobbyists as "a slap in the face to every voter who affirms the traditional family." Confronted with Gunderson, Gingrich said: "I just didn't look closely at that letter and shouldn't have signed it and I'm sorry about it."

The rather lame excuse left Gunderson wondering whether Gingrich was having it both ways, but he gave his hero the benefit of the doubt, as he did to Robert Dole, after a similar slight.

Gunderson's party loyalty, however, has been repaid with vilification. Few of his Republican colleagues stood up to defend him against the religious right. He was the only House Republican to vote against the Defence of Marriage Act, which enables states to refuse to recognise same-sex marriages licensed in another.

This underlines the practical limits to efforts by Gunderson to win acceptance in the mainstream. If Gunderson's example - it is hard to imagine a "straighter" person of any orientation - fails to persuade, it is hard to see whose will.

Clay Harris

Crime/J.D.F. Jones

The underbelly of Regents Park

Ruth Rendell's new crime story - no, her new and entirely serious novel - is above all a portrait of one of London's "villages": Regents Park and the streets of its vicinity, NW1. This picture is painted with extraordinary skill and with the most precise and evocative detail.

The Keys to the Street brings together the tangle of paths through the park itself, the zoo, the mosque, the Nash terraces, the intellectuals' enclave in Gloucester Crescent, the wretched council flats of Somers Town, the drunks of the Arlington House hostel, the London Business School, the unending traffic in Camden High Street - and at the heart of the tale - the street people, the dropouts, the dossers, who at night-time evade the Royal Parks police to sleep out under the bushes and on the benches. To the tourist on a sunny day, Regents Park must appear the most manicured and safe of London's recreational "villages", but in Rendell's fabled skill in story-telling, her prose is rarely ambitious, or even good, but she has the gift which

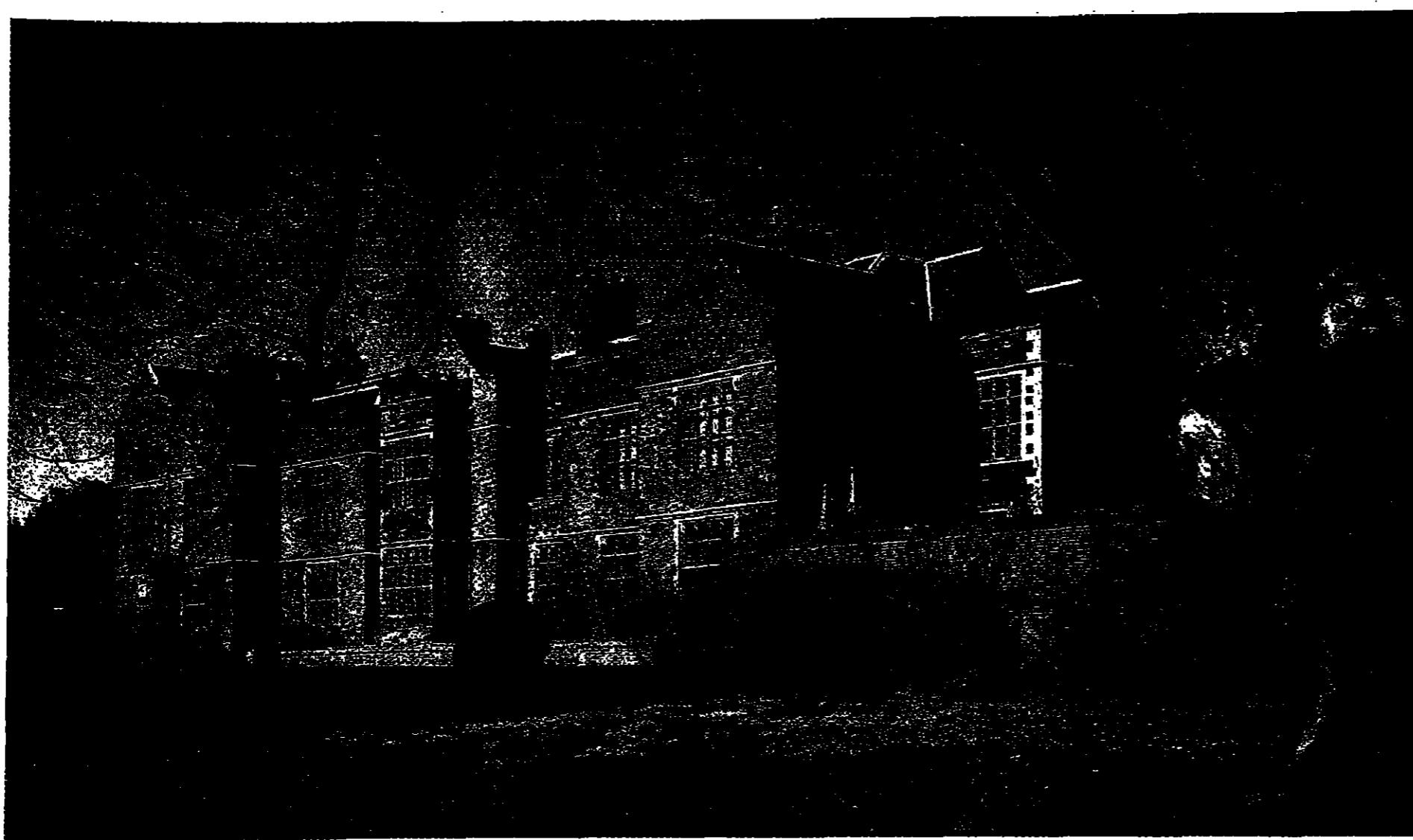
THE KEYS TO THE STREET
by Ruth Rendell
Hutchinson £15.99, 310 pages

impels you to turn the page, and her plotting skills are utterly professional - see, for instance, a brilliant twist 40 pages from the end.

There are, the next morning, a few worries. Why should her boyfriend be so incensed when Mary made the marrow donation? Why, for that matter did she do it, and then get so obsessed with seeing the recipient?

Why did Roman the publisher become a douser as well as, in his words, "an unaccommodated man" (there is an embarrassing and unconvincing scene when he has sex with an odorous bag lady)? The answer is that Rendell had a theme, and a location stretching north from Euston to Primrose Hill, which she knew she could engineer triumphantly.

BOOKS



Chequers, country house of the prime minister: Margaret Thatcher's crucial meeting on German unification was held here. Picture from Norma Major's history of the house, "Chequers" (HarperCollins, £25)

Adoration of the Iron Lady

This is a diary of disappointed love, writes Malcolm Rutherford

When she was prime minister, Margaret Thatcher had a habit of inviting outside experts to Chequers or No 10 Downing Street for seminars, especially on foreign policy. It was a good idea in theory, but had its pitfalls in practice. Academics and journalists have their own vanities. They may be flattered to be there, but do not like it if their advice is rejected. Some of them, like George Urban, even keep a diary.

Overlook the title: *Diplomacy and Disillusion at The Court of Margaret Thatcher - An Insider's View*. These 200 pages or so are a story of disappointed love. Urban adored Thatcher, or MT, as he calls her almost throughout. "I would have loved to see her as 'Queen of Europe,'" he writes. "The plain truth is that Margaret Thatcher is

in many respects too good for Britain." And again: "MT is a great lady even when she is dead wrong."

There were other people in what he regarded as the prime minister's inner circle whom Urban admires (and still does). He describes them as "the cream of the intellectual-spiritual element of the Conservative Party", attracted by MT's presence. They included Lord Thomas of Spanish civil war fame and Lord Dacre. Urban is miffed that none of them are mentioned in Lady Thatcher's memoirs, *The Downing Street Years*.

The fact is that what started as a crusade against Soviet communism and the alleged bias of the British media ended in a quarrel about the future of Germany. Urban thinks that Thatcher became entranced by Mikhail Gorbachev. She preferred him to almost any German

leader, notably Helmut Kohl. She distrusted the Germans intensely and might have opted for an alliance with Moscow rather than Bonn or Berlin.

This came to a head at the Chequers meeting on "The German Question" in March 1990 when Ger-

DIPLOMACY AND DISILLUSION AT THE COURT OF MARGARET THATCHER - AN INSIDER'S VIEW
by George R. Urban
I.B. Tauris £19.95, 206 pages

many was approaching unification. Even the American historians, Gordon Craig and Fritz Stern, both of whom have written wisely and well on Germany, were present.

The account of what happened is the best part of the book. Urban

concludes, almost certainly correctly, that the minutes were hijacked by the prime minister's private secretary, Sir Charles Powell. Powell had drawn up the original agenda, attended the meeting and wrote the minutes to reflect Mrs Thatcher's anti-German prejudices rather than what was said by most of the participants. The minutes were then leaked to the press.

It is almost inconceivable that either Craig or Stern could have gone along with the conclusion that Germany had not changed and was still not to be trusted. Some of the British historians also objected, and so did Urban.

On this matter Urban was right and Thatcher was wrong. Even she admits in her memoirs: "If there is one instance in which a foreign policy I pursued met with unambiguous failure, it was my policy on German reunification". Yet the

damage was done. By the middle of her premiership Thatcher (to borrow a phrase) could have had Britain at the heart of Europe. Her decision to resist greater integration, and the way it has caught on among lesser Conservatives, may still split the Party.

Despite the rift, Urban's adoration of MT lingered on. There is one comment, however, which suggests that outside experts suffer from a lack of knowledge of the political process as a whole. Apart from his dismissive reference to "the Foreign Office crowd", Urban claims that no other British prime minister held seminars "to broaden their minds and take advice from unorthodox quarters". Has he not heard of the Central Policy Review Staff? It was introduced by Heath, discussed all sorts of subjects in unorthodox ways, and was abolished by Thatcher.

For his colleagues (and co-winner of that Nobel) François Jacob, things looked quite different. As brilliant as any in the laboratory, he saw their collective endeavour as merely one stage in the unfolding of ideas about living systems. His *Logic of Life: A History of Heredity* (Pantheon, 1970) was not the Whiggish retrospective typical of elderly scientists, but the recovery of how worldviews are reconstructed in accord with the dominant ideas of the time.

Nor was it a breathless popularisation of the kind so prevalent then and now. To encounter his coolly-composed account of the development of our understanding of heredity as a biologically-ignorant undergraduate in the 1970s, who was nevertheless being trained in molecular genetics, was to experience a completely different way of writing about science.

Part of the experience was seeing an idea I had been groping for, without realising it, put into words. "Science", Jacob told me, "is enclosed in its own explanatory system... and cannot escape from it". It was not a formulation which would have occurred to my lecturers in molecular genetics. It did not mean that the scientific story they were telling was any less splendid. But it did mean that one could grasp, perhaps dimly, how there might be other ways of looking at organisms which were equally revealing.

Certainly, this had always happened in the past, through a combination of advances in techniques for defining new objects of

investigation, and reorganising biological knowledge around the concepts which arose in studying those objects. In a series of beautifully written chapters (I see more clearly how beautifully written they were), he told the story of ideas about the begetting of life by like. Once, they simply concerned the surface shapes of organisms, the visible structure, but as successive layers of organisation were revealed so the 'ideas' changed, in accord with both the newly discovered phenomena and the cultural preoccupations of the time. The ancient tangible forms and signs yielded to species, then to the elements making up individual members of a species, then to cells, genes within cells, and finally to molecules composing the genes. Each shift in focus meant a reinvention of key features of the biological world.

Later, I read Kuhn's equally startling *Structure of Scientific Revolutions* and other philosophy of science.



became acquainted with other sciences and other episodes from their history. But *The Logic of Life* alone was a superb corrective to the main weakness of an undergraduate education in a single science: the failure to acknowledge that there are varied styles of thought, a whole range of different ways of approaching problems. In any particular science, there may be no immediate need to know this. In life, it is as well to bear it in mind.

Twenty years on, the dizzy onward rush of the human genome project is reinforcing the idea that everything in biology can be explained by teasing out the DNA text in more and more detail. Jacob, who helped make such a project possible, cautions us to be open to the possibility that 'taking one kind of analysis to its limit will open the way to a new transformation in understanding.'

Just as in the past, it may only be when we have finally catalogued and read every gene that it is clear what genes are really good for, and what they are not. They will always be a crucial part of the logic of life, but there may yet be other logics to explore, at other levels of organisation. The continuing appeal of Jacob's fine book is that it implies that the most recent conclusions need not be the end of the story.

technically a historical novel, touches like this one ensure continuity with Atwood's other work, as does the atmosphere of teasing uncertainty. Everyone, including Grace herself, wants to know something: how they live with their inability to come to a definite conclusion in, in the end, a test of each individual's strength of character.

Ostensibly a novel about a mystery, *Alias Grace* attempts something more ambitious than fleshing out a sensational real-life story. It recreates a period when one orthodoxy about the human mind was giving way to another, less obviously flawed but not yet aware of its own limitations. Atwood, one suspects, at the novel's close, more comfortable with those remaining areas of obscurity than most of her characters ever learn to be.

Atwood's writing is especially vivid at these moments, reworking metaphors - a desirable young woman looks "as if she is sculpted of whipped cream" - which hark back to the preoccupations of her first book, *The Edible Woman*. Although *Alias Grace* is

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Hope after apartheid

Roy Terry on a fascinating insight into the new South Africa

Like Justin Cartwright I was born in South Africa and like Justin Cartwright I left South Africa to live in England. But unlike Justin Cartwright I have not returned to the new South Africa. The memories of the homeland I left are still tainted with the vision of the apartheid era which I came to dislike so intensely that I packed my bags and sailed away.

Sometimes I long to return to the land now ruled by Nelson Mandela. So far the opportunity to do so has not arisen. Meanwhile, the next best experience is to read about the miracle which has taken place in South Africa. What better to describe the scene today than a distinguished writer such as Cartwright, whose most recent novel, *In Every Fact I Meet* was short-listed for the 1986 Booker prize and the Whitbread Prize.

Not Yet Home is Cartwright's account of his journey and gives a fascinating

insight into the new South Africa, its peoples and its cultural life - art, music, literature, theatre and rugby. He has the eye of the perceptive observer, the ear of the discerning listener as he describes the sights and sounds of the rainbow nation.

He describes his meeting with Dolly Rathbe, one of the legendary jazz singers from the Sophiatown era of the 1950s, the years when Father Trevor Huddleston was ministering there. Dolly, who was once Drum magazine's most famous cover girl, had an engagement to sing at a steak 'n' hamburger restaurant in the northern suburbs of Johannesburg but so lost in legend is she, says Cartwright, that nobody turned up to hear her.

Unknown by some, perhaps, but not entirely forgotten, because Dolly had received a summons from the playwright Welcome Msomi to take part in the inauguration ceremony for the new president in 1994. Msomi, who was the producer of the Zulu *Macheth, Umabatha*, which he took to

Europe and America in the 1960s, had chosen for his theme, "One nation, many cultures". He also invited Nico Carstens, once the king of *boeremusiek*, to participate in the ceremony. It would be

berly, but largely localised in the black areas... At a safe distance it sounded quite exciting... The city centre and the suburbs were comparatively Arcadian, and strangely quiet at night when all the black people were obliged to go home. Johannesburg now is a very different city. Every street corner has become a makeshift market - known as the informal economy - and every residential block a crowded slum.

There are some regrettable omissions in the book.

Apart from the preparations for the president's inauguration, we miss out on the event itself. He also reports on several rounds of the rugby World Cup but does not describe that final scene after the Springboks had

won. To me, though, the most fascinating and telling part of *Not Yet Home* is Cartwright's view of apartheid.

For those of us who loathed it and fled from it, feeling like cowards but despairing of making a difference, convinced at last that our puny efforts and voices could not undo what was done, Cartwright offers some consolation.

"Apartheid will become

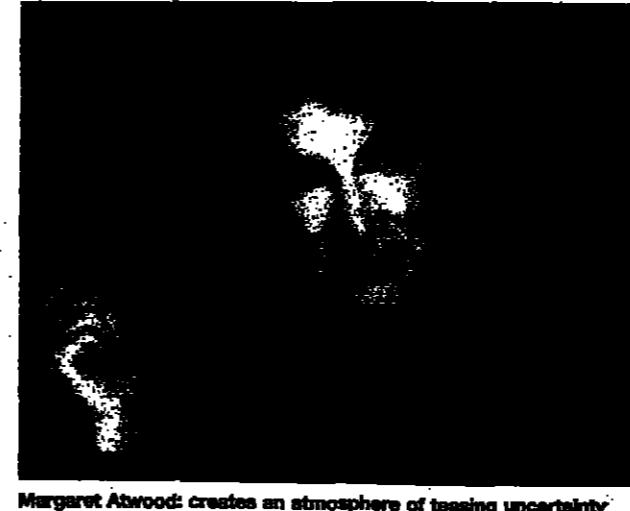
the myth, around which everybody can gather in his or her own way. Apartheid will be the touchstone of all decisions. Apartheid will in effect be the culture of South Africa, the defining principle of the new society... Nobody in South Africa is untouched by apartheid. Nobody in South Africa can avoid assessing themselves in relation to it... The essential cultural myth of the new South Africa is this: something significant will rise from the pyre of apartheid."

Let it be soon.

Fiction/Joan Smith

Whatever happened at Richmond Hill?

ALIAS GRACE
by Margaret Atwood
Bloomsbury £14.99, 468 pages



Margaret Atwood: creates an atmosphere of teasing uncertainty

his name from a study of Grace he has been invited to examine her by a committee set up by local worthies convened for a variety of reasons of her innocence.

The story of this early attempt at psycho-analysis, which forms the heart of the

In 1843, a shocking double

murder at a country estate called Richmond Hill, near Toronto, gripped newspaper readers on both sides of the Atlantic. Grace Sparks, a 16-year-old servant who had emigrated to Canada from Ireland, was sentenced to death for her part in the brutal killing of her master, Thomas Kinnear, and his housekeeper Nancy Montgomery. The case had everything, from a beautiful but apparently wicked young girl to persistent doubts about her guilt and a lengthy campaign to prove her innocence.

Grace's sentence was commuted to life imprisonment but her co-defendant, a sta-

ble hand named James McDermott, was hanged in spite of his claim that he had committed the murders only at her urging and because he was in love with her.

Salacious details which emerged at the trial - Nancy Montgomery was the mother of an illegitimate child, and Kinnear's mistress prompted lurid speculation in print and even contemporary ballads about the relationship between the four

protagonists. Grace's long years of imprisonment, which included a spell in a lunatic asylum, produced no firm answers about what really happened at Richmond Hill. But she was eventually granted a pardon and released, travelling to New York State in 1872 and disappearing from the records.

This final uncertainty offers rich material to a novelist, especially one beguiled, as Margaret Atwood has demonstrated herself to be, by what cannot be found out - by the condition of unknowability that exists even between well-intentioned human beings.

Grace Marks, in the version or indeed versions of her that appear in the cannily-titled *Alias Grace*, is by no means well-intentioned. A survivor of a brutal prison regime whose indignities include sexual abuse by male warders, her goal is quite naturally to protect

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Joan Smith

When money calls the tune

Composer Gordon Getty talks to Annalena McAfee about his sponsorship of the Russian National Orchestra

It was a memorable concert. The setting was the prestigious Great Hall of the Moscow Conservatory and several of the audience had paid as much as \$20,000 for tickets. Some of the world's finest musicians played the work of some of the world's most influential composers: Rachmaninov, Britten... and Getty.

Getty? You will search *The New Grove Dictionary of Music and Musicians* in vain. There is, as yet, no reference there to Gordon P. Getty, scion of the great oil dynasty, patron of the arts and composer of music which he describes as "tonal, melodic, old-fashioned... much of it sounds like it comes from another century." But in last Monday's Moscow concert by the Russian National Orchestra, Getty's *Victorian Scenes* took its place alongside Rachmaninov's *Bells* and Britten's *Variations on a Theme of Purcell*.

Gordon Getty, the 63-year-old head of the Getty clan, has long been known for his generosity to the arts. "My giving," he muses, when asked to estimate the annual sum he dispenses to the arts, "About \$5m," depending on the tax position, he adds. Perhaps there is a gene for beneficence: his brother John Paul II helped to save Canova's "Three Graces" for Britain, ironically outbidding the Malibu museum founded in memory of their father. Among organisations benefitting from Gordon's largesse have been the prestigious Royal Opera House in London and the Kirov Orchestra.

But when he first heard the Russian National Orchestra, the western-style independent "super orchestra" founded by Mikhail

Plisnev in the exhilarating early days of glasnost, the encounter was, Getty acknowledges, "a meeting of Romantic spirits". And in the manner of Victor Kiam and his razor company, Getty liked the orchestra so much that he bought it - or, rather, agreed to sponsor it.

This week, as director of the

At least his music will continue to be played, which is more than can be said for many of today's composers

Friends of the Russian National Orchestra, Getty has been hosting the ultimate sponsors' bash, a trip which makes the usual corporate hospitality junket seem tame as a warehouse supper.

Twenty-two "major donors" have flown in (Getty's private Boeing 727, "the family station wagon", for a 10-day trip to Moscow and St Petersburg to hear the Russian National Orchestra, visit museums and galleries and dine with local dignitaries. The cost of the trip is \$20,000, \$12,500 of which goes directly to the orchestra.

These "major donors" are an impressive bunch; their wealth is matched by the scale of their generosity and the range of their interests. There is Mrs. Helen Watson, widow of the discount-

Theatre

Another round of marital combat

Ian Shuttleworth reviews a new production of Albee's masterpiece

The first shock in Howard Davies's fine production of Edward Albee's *Who's Afraid of Virginia Woolf?* is the entrance of Diana Rigg onto John Napier's scholastically opulent set. The epitome of theatrical elegance looks as close to frumpy as she can reasonably manage, eating ice cream from the tub in an undistinguished suit and semi-smirky carrot-coloured wig. Although she later emerges in a more eye-catching ensemble including tight zebra-striped pants, the point is well made that Rigg's Martha is a siren not through any inherent allure but because she is determined, even desperate, to be so.

This sensation is mirrored in George and Martha's relationship as a whole: although their constant bickering shocks young newcomers Nick and Honey, the couple show little true spirit to each other except when the battle moves onto fresh ground - the subject of their "blond-eyed, blue-haired" son.

David Suchet's George, in particular, is remarkably urbane, on occasion even languid, through most of the combat; this is a man who has seen and experienced everything in more than 20 years of bloody marriage, whose interest lies more in the fecundity of language he uses to prop up his darts Martha-wards than in the scrap itself - again, until the shared enormity of sonny boy tears its head again.

As Nick, Lloyd Owen is an arrogant mid-Western prig; Clare Holman continues a line of strong Honeyes on the London stage, especially impressive in the final

act, when she realises with horror her entrapment in George's climactic savage "game", but can only go along with it.

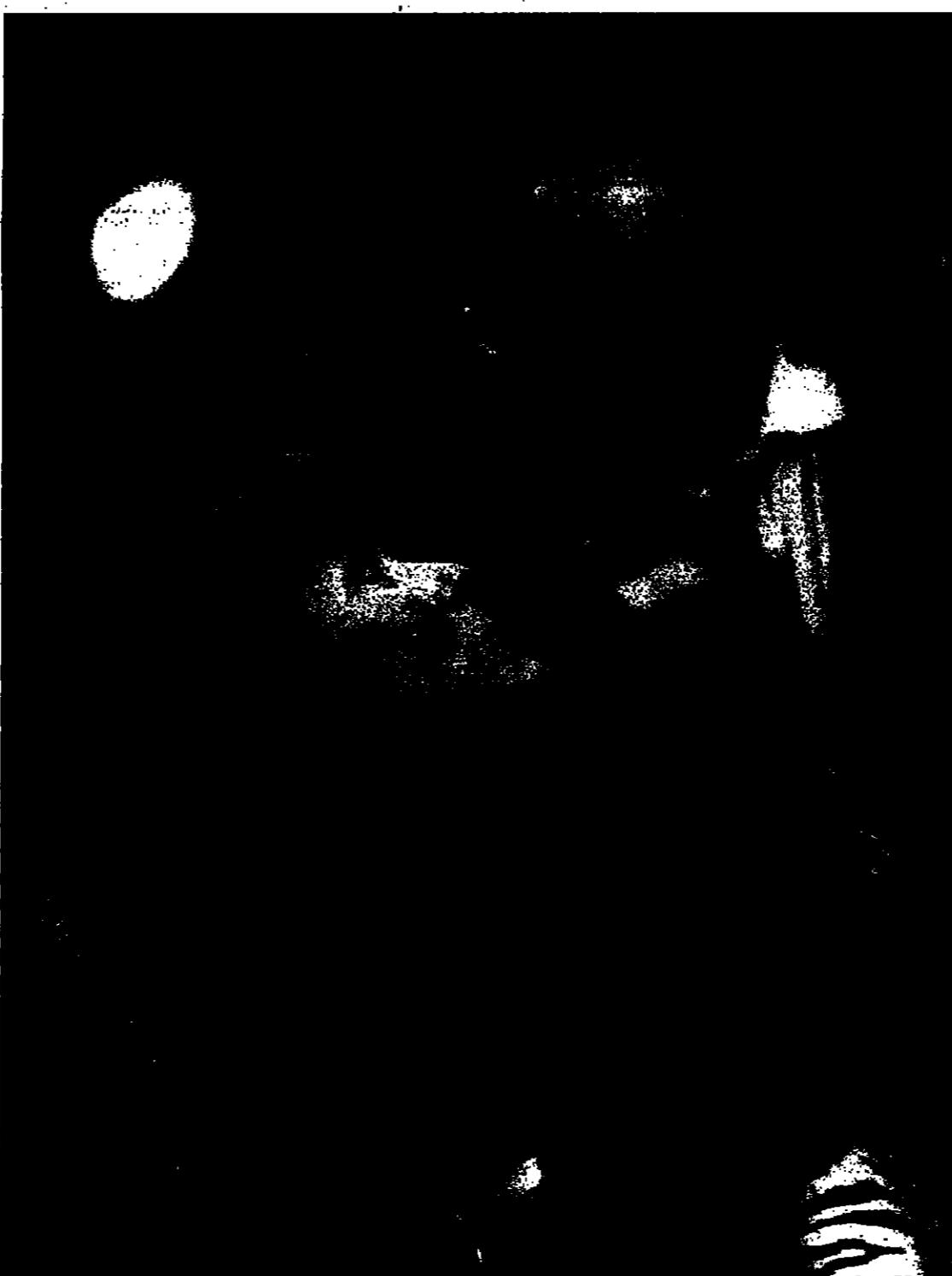
The weak point of both younger actors, whether due to their own efforts or Davies' direction, is drunkenness after what was supposed to have been several hours of drinking, each tips over into giggling incoherence with odd rapidity.

Martha and (especially) George on the other hand, seldom seem affected at all by their constant ingestion of rocket-fuel - they are so habituated to such clashes that hardly any amount of booze can throw them off track. By the same token, when they find themselves on the same side for a moment Suchet and Rigg crackle with an electric complicity.

In the last act, when the truth about George and Martha's offspring is forced out, Rigg is magnificent - compelling throughout her "recitation", shattering in her wailing collapse. Whether one views the play as plain psycho-drama, American social allegory or veiled sexual fable, Davies' production rolls confidently over its occasional imperfections to a conclusion which, in Rigg's and Suchet's performances, is as potent a descent to a devastated ground zero as it has ever been.

The entirety of the Almeida run is already sold out; the production then deservedly descends to the Aldwych theatre.

At the Almeida Theatre, London N1 until October 25 (0171 359 4404).



Electric complicity in a bloody marriage: Diana Rigg and David Suchet

Had he lived, Roberto Gerhard would have turned 100 this year, which is a good enough excuse for celebrating and revisiting his music now. The Proms gave us his dramatic cantata after Camus, *The Plague*; his earlier opera, *The Dueña*, as produced by Opera North, is a recent and pleasurable memory; more is to be heard on the South Bank next month.

Meanwhile, at the Wigmore Hall on Wednesday the Nash Ensemble played mixed Gerhard: early, mid and late. Younger readers should understand that we late-1960s listeners came upon the latter, unique Gerhard first, and were aston-

ished and entranced. Later we learned that this Catalan composer (of Franco-Swiss parents) had been a devoted Schoenberg pupil in the 1930s, and had fled, the Franco régime to make a decent career in Britain writing film and theatre music.

What we heard in the late pieces was a provocative mating of faithful serialism - "twelve-note" composition - with a pungent Hispanic accent and address. Most of all, his unerringly sensitive ear for timbres (whether he

was writing film-music effects, or concert pieces) fixed him as an intuitive musical dramatist, operating beyond any dry "twelve-note" rules.

The Nash gave a dashing performance of his 1968 *Leo*, almost as magical an ensemble-piece as its predecessor *Lobos*: an intricate chain of sounds which has its own intriguing logic, and sounds like nobody but Gerhard. Before it came the *Concerto for 8*, another glittering exhibit, and his brilliant

"duo concertante" *Gemini*, in which Stephanie Gonley and Ian Brown were intrepid on violin and piano.

By comparison the Guarneri Quartet, whom we heard on Monday at the Queen Elizabeth Hall, sounded tired. Probably only jet-lagged, though this distinguished American team has been in the business for 32 years without a change of personnel; its performance of Beethoven's op. 18 no. 6 may have been its hundredth, or two-hundredth. Musically,

everything was unexceptionable, but nothing exceptional - tame, tasteful, generally underplayed.

Fauré's lovely late Quartet was left sounding as diffuse and elusive as too often it does, quite unnecessarily. (If its themes are robustly characterised, the rest will follow.) The Guarneri leader kept an oddly low profile, as he did all evening; it was disconcerting that the second violin should seem the most vital player throughout. After the interval everybody gave much sharper attention to Beethoven's second "Rasumovsky" quartet, the E minor, and we left with a fine, well-shaped performance ringing (gently) in our ears.

Music in London/David Murray

Serialism with Hispanic verve



Gordon Getty: a gene for beneficence?

Brendan Cor

store king Sam Walton. Apart from the arts, her benevolence has extended to the US Presbyterian church and a higher education programme in Central America. Mrs Patricia McKean Supper, widow of Frederick Supper, founder of cosmetics Alexander-Toronto, has recently contributed \$1m to the Norton Museum of Art and describes herself as a painter. She is also a member of the Croquet Hall of Fame, Newport, Rhode Island. Retired banker Byron L. Ramberg runs the AZZ Ranch in Cody, Wyoming, where he breeds Norwegian Fjord horses, and is a trustee of the Buffalo Bill

Museum.

Getty is himself no single-issue benefactor. With his wife Ann, an enthusiastic student of anthropology, he founded and financed the Institute of Human Origins at Berkeley, California. He is also passionate about economics and is currently working on the fifth draft of a "crazy" paper explaining rates of return in terms of biological constraints.

His first love, however, is music.

"If you don't begin composing with your first memories, you never will," he says. He is a gentle, bear-like man with an unpretentious, almost folksy style which seems more mid-west lumberjack than international plutocrat. His family, headed by his formidable oil magnate father John Paul, was not overtly musical, although Gordon's maternal grandmother, Helen Welsh, sang in vaudeville. It was at school - in Los Angeles and San Francisco - that he was first introduced to the subject which has become the expensive obsession of his adult life. He recalls his first visit to

the opera. "It was *Carmen*. I was just a little shaver and I wondered why the hero was fat and bald."

After four years in a year at the San Francisco Conservatory and went on to write *Plump Jack*, an opera inspired by Shakespeare's Falstaff; *The White Election*, an Emily Dickinson song cycle; and *Victorian Scenes*, choral settings of poems by Tennyson and Housman. "All my texts come from the mighty dead," he says. Like his economic paper, his compositions are subject to an apparently endless process of rewriting and refining. Is he a perfectionist? "How right you are." *Plump Jack* has had many performances as a work in progress and his other pieces have had several airings in different incarnations. "I wanted

to make sure that I was up to snuff." But at last, he feels, he has come of age as an orchestrator. "I am no longer fighting myself. It sounds like I mean it to sound."

His favourite composers are Mussorgsky, Bach, Schubert and Beethoven - though "Mr Tchaikovsky was no slouch" - and he is resistant to the more eclectic appeal of contemporary atonal music. Until this century, he says, "composers had to please the market, even if it was just the court. All those fellows had to please the public as well as the muse." He suspects that the more avant-garde composers are simply pleasing themselves. He is opposed to state subsidy of the arts although he

endorses government tax incentives for private sponsors.

Getty himself has, of course, never had to woo a private benefactor or seek public subsidy. Does he think his position has had any bearing on his career as a composer? "My father was very wealthy - it had advantages and disadvantages.

The advantage was, everyone was curious

and my work went to the top of the stack." Reviewers, however, have not always been kind. Norman Lebrecht wrote that "in every classical home, there is a dark corner where one crawls in times of stress to seek the solace of undiluted Schadenfreude." In this corner, said Lebrecht, a CD of Getty's music, a contender for the title "worst classical recording ever", is located.

This is the downside. "Some critics might have had a little bit

of a chip on their shoulders," says Getty cheerfully. "And although he says there have good reviews, his bad reviews are kept and cherished by "muckrakers".

But bad reviews are better than none and, regardless, his music will continue to be played by virtuoso musicians, which is more than can be said for many contemporary composers. "I'll take the trade-off."

After the Russian major donor tour, Getty's next big project is an appearance at the White Nights Festival in St Petersburg next year. Then it will be the turn of the Kirov Orchestra to play a Getty song cycle and Gordon Getty will himself mount the stage to sing the baritone part. Is he apprehensive? He laughs affably and shakes his head. "The worst I can get is egg on my face. I can't lose my livelihood."

Rattle tackles the century

Tomorrow night at 9, an adventurous series begins on Channel 4 in *Living Home*, seven hour-long programmes. Simon Rattle offers a "condensed tour" of 20th-century orchestral music, from Mahler, Debussy and Stravinsky to Stockhausen, Kurtág and Birtwistle.

Nothing on this scale has been attempted on television before, much less in a prime-time slot. The timing is happy, for a great many viewers have just been watching Rattle conduct superbly - the concert for the Leeds Piano Competition finals. He is fun to watch, and a great conveyor of enthusiasm.

The programmes are arranged under different headings, like "Rhythm" and "Colour", and some specific historical sites: Vienna in Schoenberg's time, the distinct world of America. Pedagogy is not a threat; Rattle's eager commentary goes down easily, and mostly it bears directly upon the music we hear. That comes in substantial extracts, not snippets, and it sounds wonderful: we rarely hear music

D.M.

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Night's Dream



A Midsummer

Night's Dream



Britten

ARTS

The more intriguing and engaging exhibitions are not always those put together by professional curators or art historians. They bring to bear, of course, their particular experience and knowledge, but their interests so often are set upon the narrow limits of specialised scholarship. So there is much to be said, by way of change and contrast, for inviting in from time to time the fresher eye and more open mind of the informed outsider, to take a broader view of familiar material.

Marina Warner is a distinguished historian and cultural critic with the visual arts, as material source and reference, very much grist to her mill. But her studies have always been set not within the close frame of the individual artist or period, but upon one much more open, drawing together the threads of her theme through all disciplines, cultures, centuries. It is in this sense that she is exactly that admirable outsider, now asked to choose a theme and make an exhibition.

She has taken as her theme *The Inner Eye*, which she glosses in her subtitle as "art beyond the visible". If this means anything at all, it can only be art that for its imagery and stimulus draws not directly upon experience of the real and visible world, but rather upon the imagined reality of that inner, made-up world of dream and nightmare, fairy-tale and fantasy. The material itself is, of course, all highly and gratifyingly visible.

An art, in any higher or conventional sense, the prints and drawings of all periods that make up the larger part of the show present no problem. But much of the stuff that is most engaging is more various and miscellaneous, closer in spirit to those older arts and mysteries from which art as such first sprang - shamanistic, astrological, magical, clairvoyant.

She has arranged it in some five sections, or zones as she prefers, through which the visitor is invited to travel ever further into the realms of the esoteric. We begin with *Through*, which is the zone of access by means of sleep or dream, or the devices of fortune-telling or spiritualism. *Between* is the zone of elves and fairies and fabulous beasts. *Within* turns us back into ourselves, the zone of the passions, whether of madness, torment or ecstasy. *Below* is the hellish zone of witches and demons and the devil himself. *Above* the final blissful zone, full of angels.

And at every turn there are wonders and delights, all the more so for being, by the very nature of the chosen works, in their scale and preoccupation so intimate and engrossing - the Victorian Lady Hawarden's fragmentary photograph of two girls asleep; Rembrandt's tiny, swift yet so powerful an evocation of the Angel's intervention between Abraham and his son; Breugel's St Anthony beset by Temptation's demons; Dadd's obsessively convincing vision of fairies in the grass. But even as we savour such treats for themselves, we recognise that it is the mixture that is the point: the bringing together of the great and the unknown, high art and low art, in the common experience of the mysteries of life, in its fears and hopes.

Rembrandt dreaming of angels; Max Klinger of a glove with a monstrous life of its own; Fuseli of witches; Goya of hobgoblins; David Jones of King Arthur's four queens; Blake of paradise; Cambis of the naked Deimandra being carried off by the centaur, Nessus; Klee of ghosts; all are so very different in their



Visionary: the Angel preventing Abraham from sacrificing his son Isaac, by Rembrandt

Images drawn from fantasy and fairy-tale

William Packer is lead through the world of the imagination

immediate intent of satire, symbol or suggestion. But yet all touch the same nerve in making visible something never seen, but only imagined - yet they have seen it, and they let us see it too. And always there is the Devil hidden somewhere in that Tarot pack.

We should beware, of course, to be glibly disengaged here... it is possible to thrill to the face of God moving on the waters in John Martin's deep, sahle velvet vision without subscribing to the Creationist reading of Genesis." This inner world, she concludes, "is common ground, a lingua franca intelligible across the borders of personal fan-

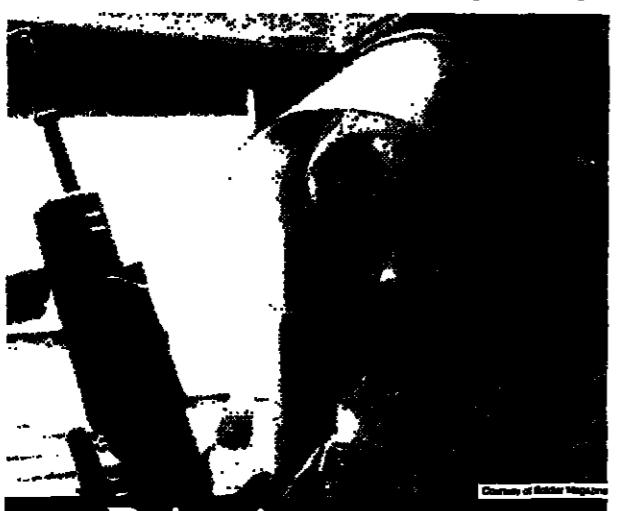
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But belief, she goes on, "(is) not to be glibly disengaged here... it is possible to thrill to the face of God moving on the waters in John Martin's deep, sahle velvet vision without subscribing to the Creationist reading of Genesis." This inner world, she concludes, "is common ground, a lingua franca intelligible across the borders of personal fan-

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The Inner Eye - Art Beyond the Visible: Manchester City Art Galleries, Mosley Street, Manchester, until November 3, then on to Brighton, Swansea and Dulwich; a National Touring Exhibition organised by the Hayward Gallery, London.

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Contemporary Art Fair/Nicholas Powell

Paris lays on the VIP treatment

A party with President Jacques Chirac at the Elysée Palace, free taxi rides in Paris, private visits to major art exhibitions and free hotel accommodation: nothing too lavish for 180 big time private art collectors and 20 curators from museums as prestigious as the Guggenheim and the Museum of Modern Art in New York and the Fundación la Caixa of Barcelona, guests of this year's contemporary arts fair FIAC.

This new VIP treatment, aimed at the small number of major buyers who make the running at contemporary art fairs, is just one aspect of a large scale shake up aimed at rescuing this year's FIAC (the 23rd, expected to attract 100,000 visitors between October 2-7 in the Espace Eiffel-Brâly) from several years of serious economic and artistic decline.

This year's event is organised under the aegis and according to the rules of the recently created International Contemporary Art Fairs Association, ICAFA, which also includes Chicago, Cologne, Basle and Arco in Madrid. Some of the changes, such as cheering up the drab Espace Eiffel-Brâly by planting 40 trees outside and arranging more generous and more attractive exhibition space within, are evidently cosmetic. But organisers have also imposed drastic new criteria

for selecting exhibitors, demanded that each gallery submit its choice of artists for approval and have brought back major international dealers, who had abandoned the FIAC, back into the fold.

"It was absolutely necessary to re-adapt the FIAC to the demands of a changing international market whilst making the best possible use of the attractions of Paris. We are in a highly competitive field," said Paris dealer and FIAC vice-chairman Marwan Hoss, who both instigated this year's reforms and the creation of ICAFA.

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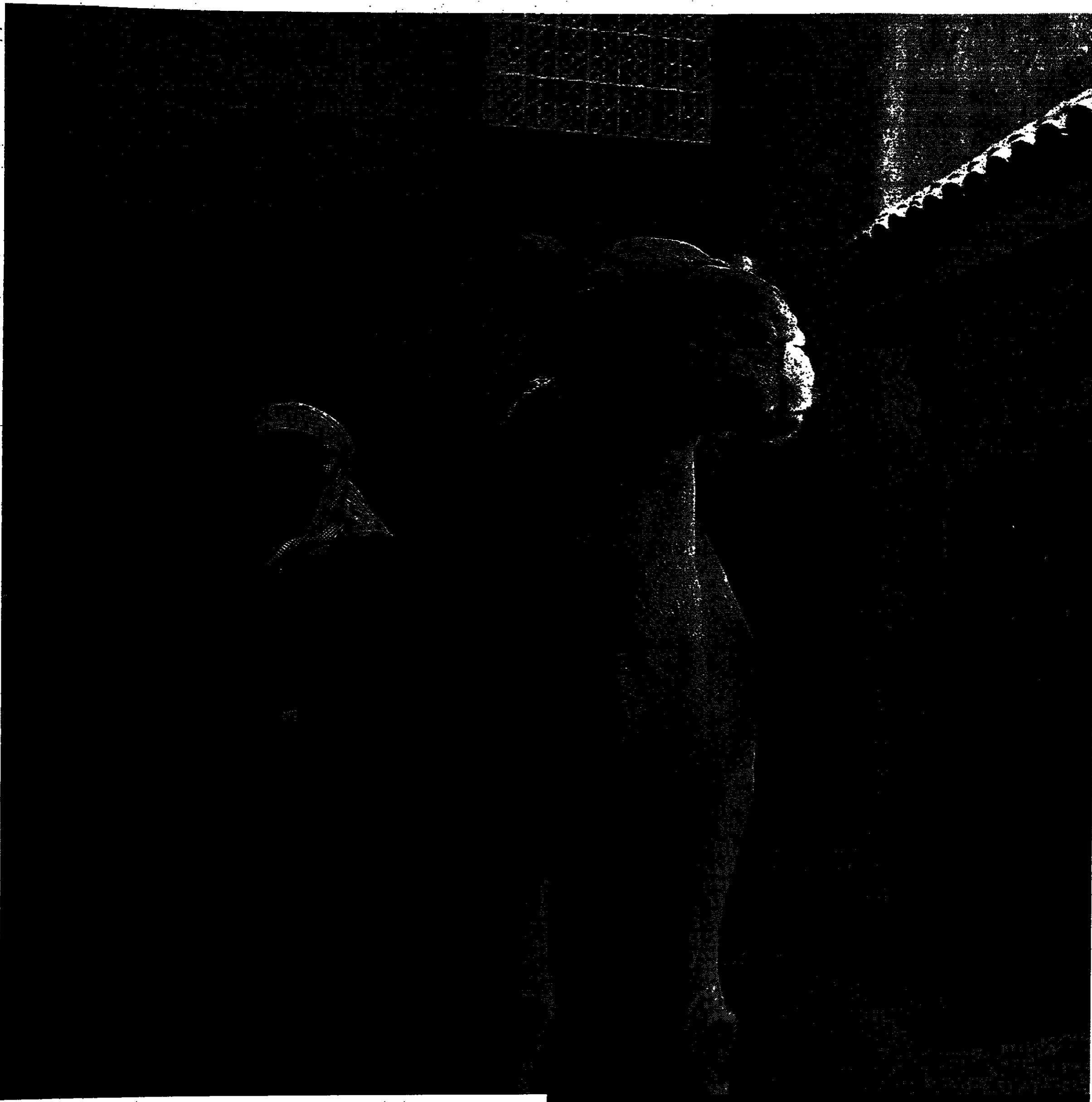
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NOT TO ADMIRE AN OBJECT OPENLY;
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James Morgan

When real life intruded on the stretch limos

The rules are changing for the old monetary surgeons and backroom boys who fancied a game of finance ministers

The champagne is chilled, the lobsters boiled, the annual meetings of the World Bank and International Monetary Fund are under way. And I am almost sorry that, for the first time since I can remember, I am not there.

The occasion mixes luxury beans and stretched limos on the one hand and earnest discourse about the fate of the poor on the other. This is no paradox; it reflects what the world is really like. Make the pilgrimage there, but live like a hermit for the rest of the year, and you will

have a better idea about how the world works than by reading the average newspaper every day.

One realised that something was up in 1989 when a quiet, unassuming Leszek Balcerowicz told us he was Poland's finance minister

and gave a press conference that

ended in stalemate. Once, the US would have fixed the Latin Americans; the French told the Africans what to do and the British would let most of the Commonwealth know what was really in their interests.

The SDR clash showed that the old western-administered consensus was finished. But the news

papers said if anybody was finished it was Camdessus. They were wrong. Camdessus saw eye-to-eye with new, rather than old, power groups but nobody called for his resignation; even the Germans saw that the world had changed.

And, anyway, he reflected the wishes of the majority of members, if not the majority of the votes. For the first time the seven top nations did not get their way in what they regarded as their institution. Camdessus lost too, but was impregnable.

And how the Fund itself had

changed. Once upon a time one would ring up its "Information" department and expect one of

two answers: "No", or "I don't know". Today it is part of a new, open, caring Fund. Not as caring as it likes to think but different from the old collection of monetary surgeons and backroom boys who fancied a game of

finance ministers. Off they would go to fix Peru like 16th century Spaniards and return with their

paper promises to Washington.

The World Bank has had to

change even more. It is always looking for a role while the IMF is always given one. (The price of oil quadruples, Latin America goes bust, the Berlin Wall col-

apses.) In the good old days

Bank staff would tramp through the tropics shouting their orders:

"Clear those bloody trees put a highway there and plant something useful." Today the talk is of eco-friendly micro-hydro stations supplying organic electricity to networks of rural women's empowerment groups.

The great army of hangers-on

changes too. Fifteen years ago

they came to lend vast sums to

corrupt other dictatorships.

(How wonderful, they said, those no-nonsense regimes were.)

Then came the cataclysm of

the 1982 meeting in Toronto

when Mexico had just stopped

paying.

The bankers spent the rest of

the decade trying to get their

money back; now they are there

to get their hands on the

treasures of once-poor countries

under the guise of asset manage-

ment schemes.

Nowhere is there such a cornu-

copia of deal-making, of informa-

tion, of misinformation, of

tedious prolixity and endless

pointless statements. It may not

be fun but it beats the hell out of

the internet.

■ James Morgan is BBC World

Service economics correspondent

Interview

Life and the universe according to God

Clive Cookson talks to Keith Ward, Regius Professor of Divinity at Oxford and author of a new book presenting a point-by-point refutation of scientific atheism

At last, God is beginning to argue back. For several years scientific atheists have argued aggressively that religion in any form is incompatible with modern physics and biology. And their attacks have gone largely unanswered, either by theologians or by religious scientists.

This week, however, one of Britain's leading theologians, Keith Ward, published a "point-by-point refutation of scientific atheism". According to his book *God, Chance and Necessity*, modern science points to the existence of God as the best explanation for life, the universe and everything.

Ward is Regius Professor of Divinity at Oxford University - home also to two of Britain's most vocal atheists, the biologist Richard Dawkins and chemist Peter Atkins. He has been preparing a counter-attack since he first held a public debate on science and religion with professors Dawkins and Atkins soon after coming to Oxford five years ago.

"They were making a big public statement, a propaganda campaign even, on the basis of the most naive forms of theology and philosophy, and that annoyed me," Ward says. "I thought someone should give a response from the same academic strength in theology as Dawkins has in biology - and no one else was doing it."

He sees Dawkins as the chief target, partly because his books from *The Selfish Gene* in 1976 to *Climbing Mount Improbable* this year have made an immense impact on public opinion, and partly because he particularly admires the intellectual "brilliance" of Dawkins. Atkins, too, Ward regards as a "superb" writer but he is cruder and more vitriolic in his attacks on religion - and therefore less effective.

It is clear from reading *God, Chance and Necessity* and from talking to Ward in his book-lined rooms on the south side of Christchurch College's Tom Quad that the argument is very much an academic one.

The book may be more accessible than Ward's eight works on theology and philosophy but it is still hard going for the non-specialist reader. He writes in a deliberately dispassionate and

rather abstract way, rich in intellectual content but lacking the profusion of telling examples and the human touch that makes Dawkins such a delight.

The argument is about how best to explain the incredible richness and variety of the universe - and above all the evolution of human consciousness and intelligence. The atheists say that an accidental, mindless process accounts for it. According to Ward: "By far the best hypothesis is that there is a cosmic mind of immense wisdom, creating a system which will shape itself to realise states of value... like the appreciation of beauty, moral action and rational understanding."

However, he rejects "naive ideas of God as a parent who would like to eliminate all waste and randomness if he could". A random element in evolution, driven by God's underlying laws of physics, means that the outcome is not determined in advance. "Thus, a space is left for the free actions of intelligent beings, which will later be so important for the development of the cosmos."

Ward accepts the entire framework of modern science, from quantum physics to molecular genetics. But he rejects the Dawkins view that the whole of evolution can be explained through chance mutations driven by natural selection - the survival of the fittest.

The accumulation of tiny changes, directed only by mindless natural selection, could not have led to living systems as complex as the conscious human brain

Ward

metaphysics came back, after a period when people had thought it was dead. Philosophers went off in various directions, and I took the theistic way," he says.

When there are so many different religions in the contemporary world, how can Ward - or anyone else - be sure that he has chosen the right one? "It's a forced option. You have to believe something and you do the best you can," Ward replies. "You have to get to know the options and think about them at their best. For most people in Britain today, Hinduism is not really an option and you can't choose to be a Jew... If you come to the view that there may be a spiritual basis for reality, then you usually choose the local group."

But I would say that only Christianity and Judaism have adapted their views to a scientific outlook. It's more difficult for a Hindu to do that."

Ward points out that Christianity has been evolving from the start. In the first century Christ was seen as the Messiah, in the fourth

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Ironically, Ward says, modern fundamentalist Christianity - taking the Bible as literal truth - "could not exist without science". Some fundamentalists are obsessed with applying

science to the Bible, trying even to calculate the speed with which Jesus ascended into Heaven. "I think that fundamentalism is capitulating to the materialist world view," he says.

What about the Resurrection? "In common with most Christian theologians in this country, I would see the Resurrection in terms of a visionary experience to a group of people. That's not

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Weekend Investor

Wall Street

No Armageddon for Bulls and Bears

The Fed's refusal to raise rates was a non-event, writes John Authers

It was all too familiar to aficionados of Sunday afternoon American football, one of the nation's great institutions. It started with pundit after pundit making cock-sure predictions, waving their fingers on TV screens while millions watched.

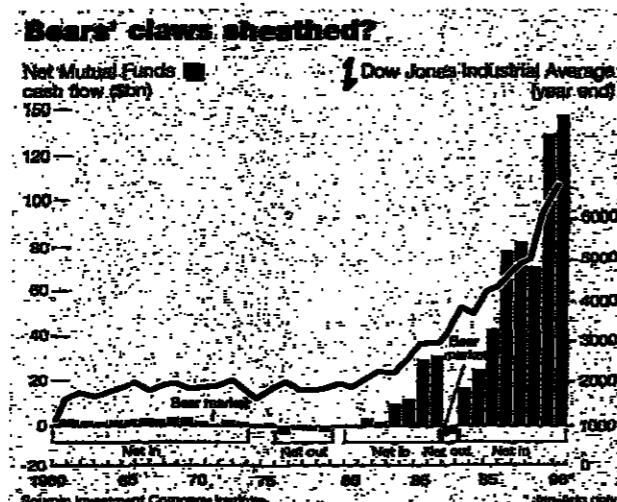
By the time the game started everyone was ready for the second world war. It seemed an absurd over-reaction to the monetary non-event of the season: the Federal Reserve's decision not to raise interest rates. This was exactly what a majority of analysts had expected. But it was still greeted as though Alan Greenspan, the Fed's chairman had pronounced Armageddon.

Within a minute of the non-announcement, the Dow Jones Industrial Average was up more than 30 points amid frenzied activity by dealers. The Bulls were running away with it. Two more minutes later, the Dow had lost all these gains, and it was actually down for the day. The Bears were right back in it. By the end of the day, the Dow was off 20 points. The S & P 500, broader and less volatile, was also registering losses.

A more rational analysis is possible. Initial sentiment was dominated by joy that monetary policy would not be tightened, and economic growth could continue. Then some started taking profits, while fears of more inflation after the election led others to remember that a tightening might not have been such bad news after all.

But there was one safe conclusion to be drawn from all the fun and games: that the markets are extremely edgy and volatile at the moment. Despite the continuing all-time highs, and the remarkably low level of worry about political risk in an election year, traders found reasons to worry.

They are even finding reasons to be worried in one of the biggest positive factors pushing the markets – the phenomenal sums which small investors are slitting into mutual funds (US unit trusts). Official figures this week confirmed that more than \$1bn was invested in equity funds last month, even while the market recovered from the sharp downturn of early July.



One theory in vogue is that the huge influence of mutual funds could help put the market into a downward spiral when the correction many are predicting finally starts. The argument is that neither the small investors who hold the stocks, nor in many cases the fund managers, who tend to be what UK chancellors would call "teenage scribblers", can even remember the last sustained bear market.

At the first sign of trouble they will bail out, on this argument, forcing a wave of sales with falling stock prices. On this view, the weight of mutual funds could help recreate the Wall Street Crash of 1929.

Fortunately history suggests this is not going to happen. Investor psychology is not to sell while the market is whizzing down, but instead to bail out when their funds are back up to the level where they started.

Doug Fabian, who publishes a mutual fund newsletter in California, shows that the trend since 1980 is for money to flow out of mutual funds after a bear market (which he defines as a drop of 20 per cent or more), and not during it. For example, the last year of net outflows for the industry was 1988, when the market actually recovered significantly after the calamitous events of October the previous year. On this argument, nervous small investors will not help drive the market down. But a jittery attitude might slow down recovery.

Demography is running with the mutual fund mar-

ket. America's post-war

John Cage produced a musical work comprising nothing but silence. Andy Warhol directed a film of a man asleep. And this was the week in world stock markets when – nothing happened.

Investors waited breathlessly for the outcome of the Federal Reserve's open market committee meeting on Tuesday.

Many thought the Fed would raise US interest rates by a quarter of a percentage point; some feared as much as a half point rise. But the Fed did nothing (and gave no explanation, either).

Either way, you could see this as a tribute to pioneering artists such as Cage or Warhol. If you are charitable, you could say that the silence after the meeting was actually a performance of Cage's *magnum opus*. If you are grudging, you might feel that the Fed was asleep on the inflationary watch.

In the UK, the meeting

had some catching up to do.

Timothy Stives, who man-

ages a growth mutual fund for CoreStates bank in Philadelphia, further points out that the growing share of corporate equities and mutual funds in individuals' savings, at the expense of bank savings accounts, is a long-term trend dating back to 1980.

In March 1980, 28.5 per cent of individuals' savings were held in banks. This has dropped steadily ever since, and in June 1996 was down to 12.7 per cent.

Over the same time period, American savers increased their weighting in mutual funds from 0.9 per cent to 7.2 per cent, and in corporate equities from 15.6 per cent to 22.7 per cent, again in inexorable incremental steps.

For Stives, these are solidly based trends which the baby boomers are not going to throw into reverse during a downturn.

Certainly, their behaviour over the past few decades suggests they should at least take a little longer to take stock than the traders did in those war-like minutes on Tuesday.

Dow Jones Industrial Average
Monday 5,894.74 +8.28
Tuesday 5,874.03 -20.71
Wednesday 5,877.35 +3.33
Thursday 5,868.85 -6.51
Friday 5,874.03

■ Highlights of the week

FTSE 100 Index	3,946.4	-17.7	3,977.2	3,980.1	Valuation concerns
FTSE Mid 250 Index	4,408.2	-22.0	4,098.6	3,954.3	Profit-taking
Courtaulds	377.1%	-12	478.6	352	Chart support
Croda International	371%	+19	371%	294	Warburg recommendation
Dixons Group	820%	-36	578	345	Interest rate fears
Enterprises Oil	523	-21%	559.7	329	New chief executive
Great Universal	647	+9%	770	556.6	ABN Amro Hoare Govett recommendation
Kraft Foods	521	-101	521	521	Credit Lyonnais negative note
Legal & General	791%	-26%	798%	554	Takeover potential
Lloyds Abbey Life	626	-5%	632	439	Lloyds TSB takes stake
P & O Dredging	718	-17%	619	458	Broker recommendations
Royal Bank Scotland	491%	-7%	630%	450	Takeover talk returns
Senior Enr.	110%	-10%	110%	92	TI bid speculation
TI Group	572	-15	580	415	Bidding for Senior rumours
Trinity Holdings	279%	-4%	433	257%	Profit warning

Barry Riley

Performance and paradox

A postcard from Barcelona is worthy of analysis

Do 500 or so investment analysts amount to a herd, a consensus or a diverse collection of unique individuals? This week's column is by way of a postcard from Barcelona, from the congress of the European Financial Analysts' Federation. The fund managers have been sharing common ideas; but they will only outperform if they dare to be different.

Investment is riddled with paradoxes. For instance, the better the flow of information and analysis, the more difficult it is for any individual to shine. Again, the temptation is for the client to pick the best-performing fund manager, but you can present a logical case for choosing the worst.

Investment performance arises from a thoroughly confusing mixture of skill and chance. Insights for a moment that investment is simply a coin-tossing exercise. Start with 32 fund managers and half will be ahead of the average after a year. After two years, eight will have shown two successive years of superior performance. After five years, the odds are that just one will be left with a record of beating the average (or the index) every year. He will boast of his

track record and promote himself heavily.

But his luck may be just about to run out.

In Barcelona this week, Arnold Wood, who runs the US investment firm Martingale Asset Management, gave the hypothetical example of a so-called "market timing" manager who makes just two important decisions each year on whether the market is too high or low. A good manager is considered to be one who is right 55 per cent of the time. On this basis, it will take 180 years to be statistically certain whether such a fund manager is adding value.

This is an extreme case, but it certainly takes years to be sure whether a portfolio manager has real skill. And even when his talent has been established you do not know whether that skill will persist.

Simply to measure performance requires the choice of a benchmark – usually an index but also sometimes the average performance of a peer group of similar funds. The easiest way for a manager to outperform is to take some sort of risk against the benchmark. This is what Peter Young did at Morgan Grenfell European Growth Trust by punting heavily in unlisted technology stocks.

Usually, however,

benchmarks have the quite opposite effect of driving risk-averse managers into conformity. But conformity with what? There can be curious results when quite different benchmarks apply.

For instance, the global equity portfolio of US pension funds are usually benchmarked against a

whole UK investment community is taking a much bigger gamble in underweighting Wall Street to such a degree. If London's global fund managers turn out, over several years, to have badly misjudged the world's most important equity market, their collective ability to add value will be in serious question.

Unfortunately, this theory has not worked at all well in the recent past. Value investors must beware of the possibility that markets as a whole can be overpriced for extended periods, perhaps more than five years. It happened in the 1960s, for instance, and may be happening again in the 1990s. As for individual stocks, it could be that the simple value style does not distinguish stocks, or that the simple value style does not distinguish adequately between reversible and irreversible corporate decline.

While the likes of British Gas, Hanson, BTR and British Telecom are suffering a permanent loss of shareholder value, value investors must beware; perhaps another layer of analysis and screening is required.

The analysts were left to ponder on Arnold Wood's closing equation: conformity minus costs equals mediocrity. But mediocrity can still be well-paid. Perhaps Peter Young would have done better to settle for it.

The easiest way to outperform is to take a risk against the benchmark

world index, whereas UK funds measure themselves against each other.

At the moment Wall Street has a weighting of about 45 per cent in the world index, in recognition of its high aggregate value, but the US market is so distrusted by British managers that it only represents about 15 per cent of their global portfolios.

They badly need to be proved right soon. There has been much talk about the decision of Tony Dye, investment director of the UK pension fund managers PPFAM, to reduce his firm's holding of equities. But the

therefore, they are likely to give above-average returns. At the same time, fashionable, high-rated stocks are likely to become overpriced because many investors will be dazzled by their glamour.

Unfortunately, this theory has not worked at all well in the recent past. Value investors must beware of the possibility that markets as a whole can be overpriced for extended periods, perhaps more than five years. It happened in the 1960s, for instance, and may be happening again in the 1990s. As for individual stocks, it could be that the simple value style does not distinguish stocks, or that the simple value style does not distinguish adequately between reversible and irreversible corporate decline.

While the likes of British Gas, Hanson, BTR and British Telecom are suffering a permanent loss of shareholder value, value investors must beware; perhaps another layer of analysis and screening is required.

The analysts were left to ponder on Arnold Wood's closing equation: conformity minus costs equals mediocrity. But mediocrity can still be well-paid. Perhaps Peter Young would have done better to settle for it.

London

Loitering as no birds sing

Philip Coggan reflects on a nothing week



longer term explanations for why world stock markets, and in particular those in the US, have been so buoyant in recent years.

One view is to say that economic trends have moved in favour of financial assets, partly because of the dramatic drop in inflation and partly because reformed employment markets have gained at the expense of labour.

The more pessimistic view is that the markets are indulging in one of their periodic bouts of losing touch with reality. Rather like cartoon characters who keep running once they have passed over a cliff edge, they can walk on air for a while but eventually they come crashing back to earth.

A reader from Liverpool, Eric Woehrling, has written with an interesting argument comparing the current buoyant stock market conditions with the UK housing

boom of the late 1980s. The US market's rise, he argues, is fuelled by the purchases of mutual funds (the US equivalent of unit trusts) by private investors; "Joe Sixpack is using cheap money to buy shares rather than consumer goods."

While such investors are not specifically borrowing to invest in mutual funds, they still have high debts elsewhere, which they are using to finance their lifestyles. This bubble, Woehrling believes, will burst just as the housing boom did.

There are certainly a few signs that the 1990s good life is returning, in the UK at least. The housing market is recovering, sales of luxury goods are improving and even the art market is on the rebound.

Eventually, these conditions are likely to lead to inflation in a more recognisable form – on the high street. But it has to be said there are precious few signs of inflationary pressure at the moment, and even those who argue that interest rates should go up in the US and the UK do not believe they need to rise by very much.

In the absence of an inflationary shock, the UK market appears to be well supported for the moment. The results season has passed off with few alarms: ABN Amro Hoare Govett found that, of 57 large non-financial companies above forecast, 31 were in line and just 11 below expectations.

The financial sector has been particularly strong. Banks, in addition to

announcing good results, have been placing the market with share buy-back programmes. The banking sector has outperformed the FTSE All-Share by more than 14 per cent since the start of May.

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For the moment, however, earnings are strong, liquidity is buoyant and interest rates are stable. There is no obvious reason for the market to drop substantially, but then sometimes one never spots the edge of the cliff until it is too late.

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Old Mutual Fund Management Ltd (1000%)*											
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Insurances, Money Markets and Other

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 - Greater Contractual rate of Interest payable, not taking account of the deduction of basic rate Income tax.
 - Net Rate of Interest payable after allowing for deduction of basic rate Income tax.
 - Grace CAGR: Gross rate annualized to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Set the Frequency at which interest is credited to the account.

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LUXEMBOURG

(SIB RECOGNISED)

E LUXEMBOURG

WORLD STOCK MARKETS

US equities mixed at midsession Pollsters beaten to the punch in Greece

AMERICAS

US shares were mixed at midsession as the Dow Jones Industrial Average posted a modest loss to cap a week that saw the blue-chip index come close to breaching the 5,000 level, writes *Lise Branstetter* in New York.

At 1pm the Dow Jones Industrial Average was off 6.25 to 5,082.58, the Standard & Poor's 500 slipped 0.52 at 685.84 and the American Stock Exchange composite lost 0.20 at 569.99. NYSE volume came to 251m shares.

Technology shares were also mixed. The Nasdaq composite, which is about 40 per cent technology shares,

advanced 1.49 at 1,229.47, while the Pacific Stock Exchange technology index slipped 0.4 per cent.

Among individual shares, Providence Journal jumped \$3.84 or 42 per cent at \$239 on news that A.H. Belo had agreed to buy the media company for \$1.5bn in cash and stock. Belo shares slipped \$22 or 7 per cent to \$34 on the news.

PepsiCo shares fell \$1.44 or 5 per cent at \$28.24 after warning late on Thursday that profits in the quarter just ended would be about 30 per cent below analysts' estimates for the comparable period last year.

TORONTO steadied in early trading after Thursday's steep slide. At noon,

the company said yesterday that earnings for the full year would likely be about 10 cents a share below the analysts' consensus.

Ben & Jerry's Homemade, the premium ice cream maker, lost \$1.64 or 6 per cent at \$26.42 after announcing that its chief executive would resign at the end of October.

Whirlpool shed \$2.48 or 4 per cent at \$48.75 after announcing that it expected third quarter operating earnings to be 35 to 40 per cent below those from the comparable period last year.

BUNNOS AIRES marked

the 300 composite index was off 0.66 at 5,903.96.

Among the blue chips, Alcan dipped 35 cents to C\$40.95 and Imperial Oil shed 55 cents to C\$87.70. Searle gained 45 cents to C\$11.85.

CARACAS streaked higher for a sixth consecutive session as foreign mutual funds and domestic investors maintained their heavy demand. By midsession, the Meritron index was up 285.49 or 5.5 per cent to 5,461.53.

The benchmark Electricidad de Caracas led the market higher, soaring 14.00 bolivars to 457.00 bolivars.

Buenos Aires marked

time during the second leg of a 36-hour general strike, which began on Thursday. The Meritron index edged 1.51 higher by noon to 5,922.42.

SOUTH AFRICA

Shares in Johannesburg continued to drift lower.

The overall index closed off 1.4 at 6,933.1. Industrial

dipped 1.43 to 8,178.2 while

gold fell 1.51 to 17,177.16.

Dealers described the session as active. The weaker bullion price pulled golds lower and there was no shortage of end-of-quarter factors with unit trusts squaring their books for September.

Pollsters beaten to the punch in Greece

Kerin Hope on a long-discounted election result

Greek brokers are just as keen to analyse politics as share prices, so it was perhaps not surprising that at last weekend's general election they beat the pollsters at their own game.

While opinion polls indicated that a crucial percentage of voters was still undecided in the campaign's last days, the Athens stock exchange had already discounted the governing Socialists' narrow but decisive win.

Financial markets decided some months ago that Mr Costas Simitis, the prime minister, and his pro-European faction in the Panhellenic Socialist Movement were more likely than the conservatives to keep Greece's stabilisation effort on track. The Athens general index sported a 9 per cent gain in August after Mr Simitis called an election a year early.

On Monday, the index jumped 1.5 per cent on the announcement of final election results, but fell back later to close 0.5 per cent down at 958. Analysts blamed the fall on profit-taking and anxiety - which was to prove unfounded - that Mr Simitis might change members of his reform-minded economic team.

The index edged upwards later in the week but dropped again on Friday on further profit-taking. It closed 7.62 higher at 9,347.57 after a revival of foreign activity. In WARSAW, the Wig index rebounded by 281.5 or 1.9 per cent to 14,735.5 after a three day fall. Turnover rose by 32 per cent to 13.4m zlotys.

PRAGUE's PX50 index rose 1.6 per cent to 557.9 but dealers said that over-the-counter trading, which accounted for around 80 per cent of total volume, indicated a slightly less ebullient picture.

Tag Heuer and edited by William Cochrane, Michael Morgan and Jeffrey Brown

down to reducing inflation and the government deficit and eventually join a second wave of entrants to the European monetary union, possibly in 2000.

However, the bourse still lacks depth. Few companies seek to raise more than Dr5m, while owners balk at making more than the required 25 per cent of equity available. Brokers complain that lack of liquidity dampens the international appetite for Greek stocks and that Greek institutions focus on the money market rather than stocks.

In spite of declining interest rates, retail investors still prefer to keep their savings in tax-free government bonds, which are also a legal receptacle for income earned in Greece's flourishing underground economy.

Midland's latest analysis shows Greek stocks trading at 12.1 times prospective 1996 earnings and 10.8 times prospective 1997 earnings.

Investors abroad favour blue-chip stocks: private banks, and selected food, passenger shipping, mining and metallurgical companies. However, domestic interest was strong last week in state-controlled companies that are being restructured.

Shares in OTE, the telecommunications monopoly, which floated 3 per cent of its equity in April, rose from Dr4,040 to Dr4,105. OTE plans to join the mobile telephony market next year and there are plans to sell a larger tranche of its equity next year.

National Bank, the biggest Greek banking group, improved from Dr15,491 to Dr16,170. Profits should rise sharply as non-banking subsidiaries are disposed of and overseas operations reorganised. Heraclies Cement, owned by a joint venture between National Bank and Italy's Ferruzzi group, was up from Dr3,060 to Dr3,155.

National will sell another stake in Heraclies, which will also take a stake in Halkis Cement, a smaller producer.

Paris stocks volatile as Milan climbs

EUROPE

A mixed session left PARIS modestly higher but there was individual volatility as the CAC-40 index finished up 2.61 at 3,107.05.

Alcatel Alsthom, up strongly on Thursday following an upbeat trading statement, gained a further FF11.19 to FF430 to head the CAC-40 performance charts. LVMH, rebounding from earlier losses, was close behind with a rise of FF41.0 to FF41.99.

Heavy falls were seen in Renault and Peugeot, hit by talk of weak car sales once government consumer incentives end next week. Renault came off FF15.20 to FF12.22 and its main domestic rival retreated FF17.1 to FF16.83.

There was plenty of speculative action in Ceres and Valeo after the former was notified that Generale d'Industrie et de Participations wanted to acquire Ceres' 26 per cent stake in the motor components maker. Valeo.

This led to speculation that Ceres' Italian parent, Cir, would shortly make a full bid for Ceres, and to talk of an outright offer at some stage for Valeo.

Ceres rose FF7.7 to FF12.11 and Valeo ended FF2.60 higher at FF21.60.

MILAN climbed 2.3 per cent as prospects for the approval of the centre-left government's tougher than

he said.

Among blue chip winners, Pirelli rose Ls4 to Ls2,750 after its strong first half 1996 results, which came late on Thursday. Telecoms stocks remained in demand with Telecom Italia up Ls127 at Ls397, Stet Ls29 higher at Ls399 and Tim Ls60 ahead

expected budget-cutting measures gave the market a reason for some enthusiasm after the recent trauma. The Comit index rose 13.98 to 633.26 while the real-time MIB index finished 300 to 10,144.

Shares, bonds and the lira all responded positively to the government's apparent determination to adhere to strict financial discipline, designed to put the country on track to join a single European currency.

FRANKFURT consolidated after three successive all-time highs, the Dax index closing 5.10 lower at an Ibis indicated 2,659.86 as turnover fell from DM9.5bn to DM6.7m.

Chemicals saw profit-taking. BASF fell 68 pfq to DM46.14, weakened further by its failure to win US Food and Drug Administration approval for its Meridin obesity drug. Banks heard that Moody's had changed its outlook on Dresdner's long-term debt to "negative" from "stable". Dresdner eased 20 pfq to DM40.55, and Bayerhypo lost 58 pfq at DM44.12.

AMSTERDAM improved modestly, with the AEX index gaining 0.55 to 571.92. KLM continued to advance, adding 30 cents to FF1.60 on a talk of airline link-ups and a possible share buyback.

KPN BT ended off 20 cents at FF14.40 after surging by 80 cents in the morning on the

still a lot of detail to come," he said.

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was vital for the minority coalition government.

Mr Rao's lawyer had said he expected the former Congress party president to be arrested on Monday, when Mr Rao had been ordered to appear in a Delhi court in a conspiracy case.

WELLINGTON moved lower as political uncertainty clouded sentiment. The NZSE 40 capital index ended off 12.24 at 2,222.02. Dealers said the market had been unsettled by Thursday's TV debate between the leaders of the four main political parties. New Zealand goes to the polls on October 12.

BANGKOK finished slightly higher on late gains hunting by speculators on the eve of a deadline for the prime minister's resignation. In spite of the political uncertainty, the SET index gained 5.15 to 1,047.95.

MANILA was slightly higher at the end of a subdued session with the index gained 1.15 to 3,223.71.

SYDNEY moved ahead, aided by stronger base metal prices and the closing out of September futures contracts.

Analysts said the market was trying to discount the possible arrest of Mr P.V. Narasimha Rao, the former prime minister, whose Congress Party's support

closed for public holidays.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS

Figures in parentheses show the number of firms of stock.

US Day's Change % Change

UK Day's Change % Change

Germany Day's Change % Change

France Day's Change % Change

Japan Day's Change % Change

Canada Day's Change % Change

Australia Day's Change % Change

Switzerland Day's Change % Change

Denmark Day's Change % Change

Sweden Day's Change % Change

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LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is now delivered by Exetel, part of Financial Times Information.

Details relate to those securities not included in the FT Share Information Services.

The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday, they are not in order of execution but in ascending order which denotes the day's highest and lowest trades.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

Bargains at special prices. * Bargains done the previous day.

British Funds, etc

Tuesday 24th Sep 2000 - C 0393 4% £s

Wednesday 25th Sep 2000 - C 1111 (255685)

Conversion 10% £s 2002 - E 1111 (255685)

Treasury 12% £s 20003 - E 1212 (255685)

Wednesday 26th Sep 2000 - C 0393 4% £s

Conversion 10% £s 2002 - E 1111 (255685)

Guaranteed Export Finance Corp PLC 5% £s 2000

Gld Ln Stk 2000 (Report) - E 1114 (255685)

Corporation and County Stocks

Mercury Corp 1881 3% Red Stk (1941) -

24% (255685)

Manchester Corp 4% Cum Inst £s 42

Safex (City) £s 8% Ln Stk 2001 (95.35)

Foreign Stocks, Bonds etc. - Coupons payable in London

BPV 10% £s 2002 Cum Red Pf 100% -

100% (255685) 3 (255685)

Hydro-Quebec PLC 5.75% Cntr Stk Subs

Reds 2000 (Rep) - C 0101 (105569)

National Water Corp 11% £s 1998

Stk 2000 (Rep) - E 1111 (255685)

Standard Chartered Finance BV 12% Gns

Stk 2000 (Rep) - E 1114 (255685)

Tatras Financial (Austria) PLC 4.9% Cum

Gld Ln Stk 2000 (Rep) - E 1212 (255685)

Yorshire Building Group PLC 9% £s

171/2020 (Rep) - E 1011

Debt Issuance Programmes

Abbey National Treasury Servs PLC 7.125%

Gld Ln Stk 2000 (Rep) - E 1011 (255685)

Bradford & Bingley Building Sociey Red Pf

100% (255685) 3 (255685)

Sterling Issues by Overseas Borrowers

BPV 10% £s 2001 - C 0101 (105569)

deals

LONDON SHARE SERVICE									
INV TRUSTS SPLIT CAPITAL - Cont.									
LEISURE & HOTELS - Cont.									
LIFE ASSURANCE									
MEDIA									
PAPER, PACKAGING & PRINTING - Cont.									
PHARMACEUTICALS									
PROPERTY									
SUPPORT SERVICES									
SUPPORTERS									
TELECOMMUNICATIONS - Cont.									
TEXTILES & APPAREL									
TOBACCO									
TRANSPORT									
WATER									
AM - Cont.									
AMERICANS									
CANADIANS									
SOUTH AFRICANS									
GUIDE TO LONDON SHARE SERVICE									
INVESTMENT COMPANIES									
INVESTMENT TRUSTS									
OIL EXPLORATION & PRODUCTION									
OIL INTEGRATED									
OTHER FINANCIAL									
PAPER, PACKAGING & PRINTING									
TELECOMMUNICATIONS									
LEISURE & HOTELS									
LIFE ASSURANCE									
MEDIA									
PAPER, PACKAGING & PRINTING - Cont.									
PHARMACEUTICALS									
PROPERTY									
SUPPORT SERVICES									
SUPPORTERS									
TELECOMMUNICATIONS - Cont.									
TEXTILES & APPAREL									
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TELECOMMUNICATIONS									

Afghan rebels to enforce strict Islamic rules

By Mark Nicholson and Farhan Bohkari in Islamabad

Leaders of the Taliban Islamic militia yesterday declared Afghanistan a "complete" Islamic state and named a six-member council to run the country after two weeks of sweeping military advances culminating in the capture of Kabul.

The Islamic "student" militia brutally underlined their control of the city by killing Mr Najibullah, the country's last communist president, and his brother. Their bullet-ridden bodies were left hanging from concrete traffic posts at the gates of the presidential palace.

Taliban fighters entered Kabul relatively peacefully on foot and in tanks, meeting little resistance from explosions rang out as departing troops blew up ammunition they could not carry with them in their retreat north of the city. There were no reports of the

whereabouts of Mr Burhanuddin Rabbani, president, or of Mr Gulbuddin Hekmatyar, prime minister.

The seizure of Kabul leaves the Taliban - which means "students" - in control of the capital and almost two-thirds of Afghanistan's territory, only 22 months after their emergence as a fighting force.

The strictly fundamentalist Islamic group, which arose from Koranic schools in and around Kandahar in south-west Afghanistan, introduced strict Sharia law and punishments, including amputations and stonings, in the wake of its earlier swift capture of the country's west and southern provinces.

Afghan Islamic Press news agency in Pakistan quoted Mr Mullah Omar, Taliban leader, as saying that a "complete Islamic system will be enforced". The Taliban has banned women from studying or teaching in schools in territory it controls, barred sports and games, and has smashed

and hanged from lamp-posts televisions, video players and cassette recorders, all perceived as irreligious instruments of corruption.

Mr Abdul Rahim Ghafoorai, Afghan deputy foreign minister, admitted in New York that the Taliban was "controlling" Kabul, and that the government had made a "strategic retreat" to "avoid bloodshed".

Western diplomats in Islamabad said that notwithstanding the strict Islamic code, the Taliban victory might be welcomed by Afghans, if the new government succeeded in improving law and order. The Taliban has promised to rid Afghanistan of its "corrupt" leaders and is widely seen as having restored order to areas it controls.

Mr Najibullah and his brother had lived in a UN compound since their Soviet era regime was overthrown by mujahideen Islamic fighters in 1992. They were abducted by Taliban fighters early yesterday.

Poetry in motion as ice cream chief moves on

By Lisa Bransten
in New York

Sheer poetry, it seems, was simply not enough.

Ben & Jerry's Homemadef, the US-based maker of luxury ice cream, famous for its laid-back image and wacky flavours, said yesterday that Mr Robert Holland, its chief executive, would step down at the end of next month.

It was his poetic entry to a public essay competition that helped Mr Holland, a turnaround specialist and former consultant at McKinsey, land the chief executive job a little over 18 months ago.

But the unconventional company clearly needed more than elegant language to hold its own in the increasingly competitive luxury end of the US ice cream market.

With Americans more concerned about healthy eating, times have been hard for makers of the most fat-laden ice creams, among them Haagen Dazs, a subsidiary of the UK's Grand Metropolitan.

Ben & Jerry's, founded by two hippies in rural Vermont in the late 1970s, has also suffered growing pains.

When Mr Holland took the reins, Ben & Jerry's faced a host of operational difficulties that led to a loss in the fourth quarter of 1994, its first since going public in 1985.

Earlier this month, the company said it expected to earn much less in the current quarter than the \$25m it made in the same period last year, due mostly to rising cream prices and falling sales in August.

Mr Holland said yesterday that he had completed the job of putting the company's operations on a sound footing, and that it now needed a leader with experience in marketing consumer products.

"I have great instincts, but this is not a place for instincts," he said. "This is a place for knowledge."

In paying him \$250,000 a year, Ben & Jerry's broke its rule of never paying anyone more than seven times the salary of the lowest paid employee.

Ben & Jerry's founders said the change was made because the policy had become a barrier to hiring more experienced people as it grew from a tiny operation to an international company.

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In their enthusiasm to expedite monetary union, France and Germany are in danger of being hoist by their own petard. Neither country has in the past sought to disguise its view that both Italy and Spain are unsuitable candidates for the first round of monetary union in January 1999. Yet in recent weeks, politicians in Italy and Spain have been increasingly strident about their desire to do precisely this. What is more, both presented budgets yesterday which showed them meeting the Maastricht target of a budget deficit of no more than 3 per cent of gross domestic product next year.

Their economic projections enjoy little credibility. Most economists believe both countries will be extremely pressed to improve on a 4 per cent deficit next year. But in a delicious irony, Italy and Spain appear to have decided that if France can engage in creative accounting and optimistic growth forecasts to qualify for Maastricht, why not them too?

Certainly financial markets are taking the prospect of Italian and Spanish membership seriously. Yield differentials over German bunds have narrowed dramatically in recent weeks. This poses a very ticklish problem for Germany and France. On the one hand, more countries in the first wave boosts the credibility of Esmu. But on the other, Chancellor Helmut Kohl's task of persuading a sceptical German public to give up the D-Mark will be immeasurably complicated if they believe lire and pesetas will be among the components of the euros they will be receiving in return.

Hanson

Hanson takes a bedraggled bow and shuffles off the corporate stage next week. The company's demerger has certainly not revealed any hidden jewels. But after a disastrous share price performance, there is value to be found at last, particularly in Imperial Tobacco and Hanson Energy.

• Imperial Tobacco was trading at an indicative price of 380p, or 88p a Hanson share, earlier this week - implying a market capitalisation of \$2bn. This valuation will have taken a knock following yesterday's lawsuit from British cancer victims; one of Imperial's key attractions was its supposed lack of exposure to litigation. If US-style class actions continue to spread to Europe, Imperial's premium rating over BAT Industries will become harder to justify. True, the current suit has a low chance of success. So Imperial need not attract a yield as high as BAT's 7½ per cent. But even so, legal concerns and US selling may force the price down to 350p. At that level the shares would yield 7 per cent and would look good value, given Imperial's prodigious cash flow, steady dividend growth and the chance of a bid.

• With Hanson closing at 154½p yesterday, the rump is implicitly priced at 88p a share. The Hanson Energy business accounts for roughly 50p (or £2.6m) of that, despite the sharp fall in UK electricity valuations since Hanson acquired Eastern Group last year.

Labour may yesterday have reaffirmed its commitment to levy a windfall tax on utilities, but with a unique blend of generation and distribution capability and savvy management, Eastern deserves a premium to its sector. Meanwhile, Energy's other half, Peabody, is benefiting from buoyant coal prices.

That leaves new Hanson's building materials and equipment operations. The valuation here is complicated by a low tax charge and hefty annual provision costs. But benchmarking sales and earnings to Redland, RMC and Tarmac suggests a rough price of 45p, or £2.3m. UK construction is tough, but Hanson's US aggregates are doing better. There is potential to expand in Continental Europe and Asia, though a weak balance sheet will prove a constraint. It is the attractions of the Energy business which make the rump shares worth holding on to.

House of Fraser

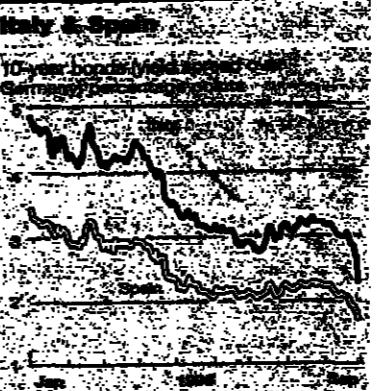
News that House of Fraser is planning to dispose of 10 of its 50 stores will come as a welcome surprise to jaundiced investors. Trimming the portfolio is a sensible place to start - with a third of group sales coming from only six sites, there are clearly many underperforming stores. The upturn in the property cycle also makes this a better time to be a seller.

But trimming the portfolio will not of itself be enough. If Mr John Coleman, the new chief executive, is to pull House of Fraser out of the deep hole it is in, he will have to address two other core problems. The most important is merchandising. If US-style class actions continue to spread to Europe, Imperial's premium rating over BAT Industries will become harder to justify. True, the current suit has a low chance of success. So Imperial need not attract a yield as high as BAT's 7½ per cent. But even so, legal concerns and US selling may force the price down to 350p. At that level the shares would yield 7 per cent and would look good value, given Imperial's prodigious cash flow, steady dividend growth and the chance of a bid.

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THE LEX COLUMN Garlic sausage

FT-SE Eurotrack 200:
1773.5 (+9.0)



By contrast its peers, including Dow Chemical and Union Carbide, trade on just 1.1 times sales and less than six times cash flow. Millenium has strong market positions and good technology, but its core products, such as polyethylene, are volatile commodities. There is also a conflict between the management's ambitious expansion plans and a heavy debt burden. So investors should take hints of share buybacks with a pinch of salt. Moreover the company has a poison pill which will - unhelpfully - deter predators.

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• Millenium Chemicals, the eastern part of Hanson to value, is also the least attractive. The New York-listed shares are already trading at \$26 in the grey market. This equates to 24p per Hanson share and gives Millenium a market capitalisation of \$1.2bn (\$1.97bn). Add to £1.3bn of debt and Millenium's enterprise value is £2.5bn - 1.3 times this year's forecast sales and nearly 10 times operating cash flow.

Mr Coleman must also show that the group has systems which will prevent repetition of the severe overstocking problems it faced in the past. He at least starts with the advantage of low expectations. He was not the favoured candidate: hence the stock's failure to rally on news of his appointment - the case with some other retail recovery stories in recent years. Now is his chance to confound the sceptics.

Tobacco companies face landmark UK cancer case

By Robert Rice and Ross Tice in London

A group of 40 former smokers is to make UK legal history by suing Imperial Tobacco and Gallaher, producers of 50 per cent of the cigarettes sold in the UK, on a "no win, no fee" arrangement.

The claimants, all victims of lung cancer, say the tobacco companies failed to comply with a duty to minimise risk to consumers by reducing tar levels caused or materially contributed to the onset of their cancer," Mr Martin Day, the group's lawyer said yesterday.

"It is the victims' case that the failure to reduce tar levels caused or materially contributed to the onset of their cancer," Mr Martin Day, the group's lawyer said yesterday.

before shares in Imperial Tobacco Group are scheduled to begin trading on the London Stock Exchange.

The company, which is expected to have a market capitalisation of around £2.3bn (£3.58bn), is being demerged by Hanson, the UK conglomerate, as part of a four-way split.

However, he said the claimants were fully aware of the financial risk they were taking but believed they had a very strong case. He expects hundreds of smokers to join the group action by the time the case gets to court in late 1998.

"Unlike in the US, where the tobacco cases are heard by a jury system and no case has an influence on another, this case will be heard by one judge and has a chance to be determinative for all future tobacco cases in the UK," he said.

Under the agreement they will pay nothing towards their own legal costs if they lose, but twice the firm's normal

fees if they win. Claimants still run a substantial financial risk as they will be liable to pay the tobacco companies' costs if they lose.

Mr Day estimated the fees at risk on the claimants' side at £3m. The companies' costs could be substantially higher.

Earlier this month, the company said it expected to earn much less in the current quarter than the £25m it made in the same period last year, due mostly to rising cream prices and falling sales in August.

Mr Holland said yesterday that he had completed the job of putting the company's operations on a sound footing, and that it now needed a leader with experience in marketing consumer products.

"I have great instincts, but this is not a place for instincts," he said. "This is a place for knowledge."

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Continued from Page 1

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They have held back from industrial action rather than antagonise the employers who have the casting vote inside Unedic. But after that, they are expected to step up protests on spending and job cuts in the draft 1997 budget. Teachers are due to strike on Monday.

Italian markets rise

Continued from Page 1

taxes and less on spending cuts to achieve a political consensus for the tough budget measures among the parties backing the ruling Olive Tree alliance.

The greater tax burden - contrary to the Olive Tree's platform in the April elections - is likely to be the most controversial aspect of the budget.

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Further savings will come from lower expenditure on debt service as a result of interest rate cuts. Budget approval could lead to a further cut in the Bank of Italy's benchmark discount rate.

Jobless rate

Continued from Page 1

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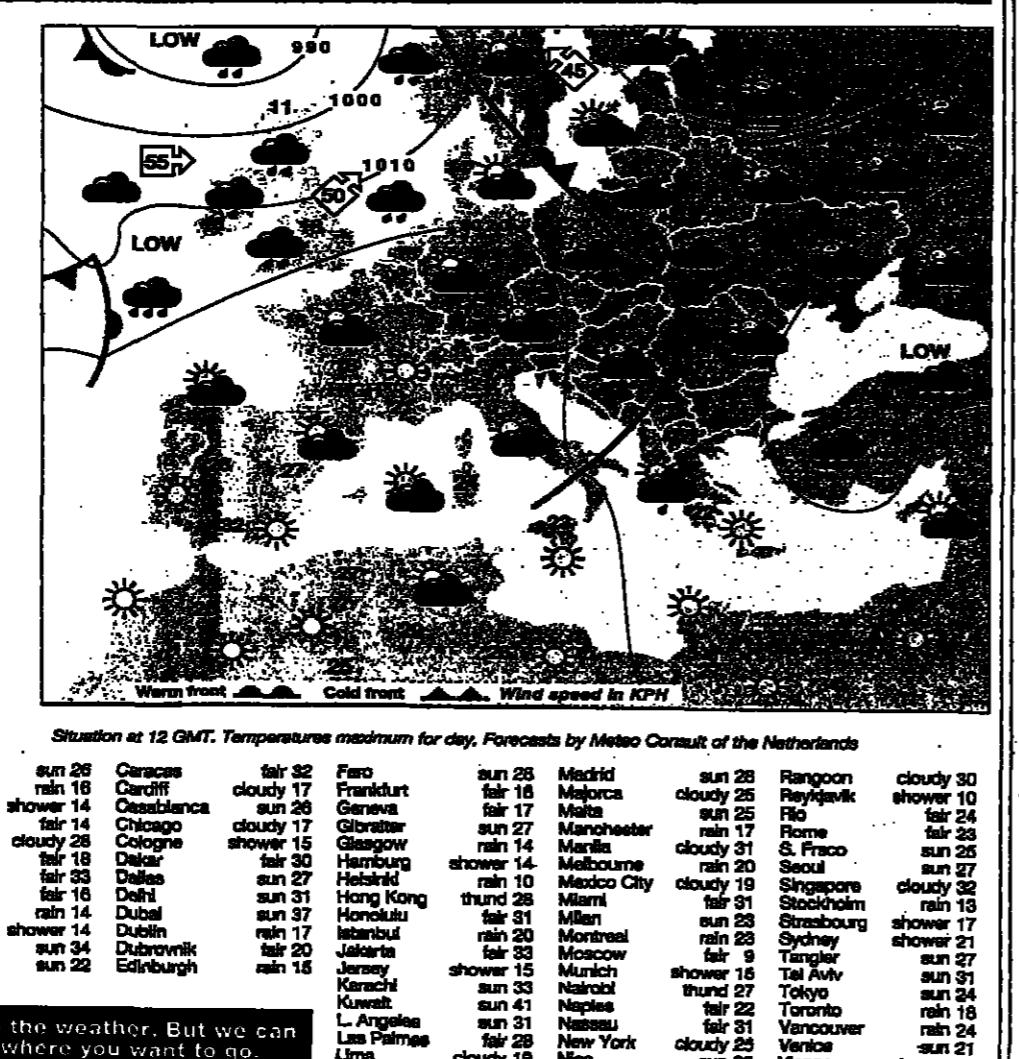
Europe today

North-western Europe will be changeable with abundant rain over the British Isles and south-western Norway, Denmark, northern Germany and the northern Netherlands will have showers. The rest of the Benelux and northern France will have sunny spells. Southern France, Spain and Portugal will be sunny but northern Spain will be cloudy. Northern Italy will be fair with abundant sunshine but southern Italy will have showers. Greece will have plenty of sun. Turkey will have a lot of rain.

Five-day forecast

More rain and wind is expected over western Europe during the next few days as a series of depressions arrives from the Atlantic. Southern Europe will be fair. High pressure building over northern Russia will bring fair conditions to that region.

TODAY'S TEMPERATURES



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